Daily Report

Latin America

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OECS Reviews Means of Accessing Hurricane Assistance

FL2009021095 Bridgetown CANA in English 2256 GMT 19 Sep 95

[FBIS Transcribed Text] Kingstown, St. Vincent, Sep 19, CANA — Heads of government of the Organistion of Eastern Caribbean States (OECS) have been reviewing procedural arrangements to access international assistance for their battered economies in the wake of recent hurricane damage.

St. Vincent and the Grenadines Prime Minister Sir James Mitchell, who chaired an emergency meeting in St. Lucia Monday [18 September] of the OECS authority, said they were prepping new administrations on how to tap into sources of financing.

"Basically, we were able to guide the new governments on how to prepare their plans for accessing international aid and how to mobilise the support of the international organisations such as the (FAO) — Food and Agriculture Organisation, UNDP, and any other agency... to ensure that the certification of the damage done is adequate and proper."

"We discussed, for example, how the countries may have to adjust their national indicative programme to deal with priority needs in their various countries in respect of the storms."

Sir James said the governments also looked seriously at their response to an attempt by Geest Industries, British marketers of bananas from the Windward Islands, to sell its banana operations in the UK and shipping to a Latin American company.

"I informed the meeting of the action I had taken to write to the British government expressing our concerns and I was authorised by the meeting to continue contact with her Majecty's government in the United Kingdom in this regard...."

The Vincentian leader, who has been at the forefront of the international banana lobby, said at his party's annual convention last Sunday that he was looking for between 75 to 90 million pounds sterling towards entering a bid for a joint venture with Geest.

"We are pressing on with seeing how we can mobilise the funds and how we could develop a joint venture... If we can secure the joint venture, of course, the amount that we would require would be proportionate on that joint venture and we would see what we can get by way of equity and what we can get by way of loans. We know, from the information being made available that Geest is pressing on, we know that Geest has a contractual obligation with us, and we are going to insist on our rights under that contractual arrangements which these governments worked out with Geest...."

Caribbean Sugar Workers Win Case Against U.S. Firm

FL1809121895 Bridgetown CANA in English 1835 GMT 16 Sep 95

[FBIS Transcribed Text] Kingston, Jamaica, Sept 16, CANA — Caribbean farm workers who took legal action against the Okeelanta sugar estate in Florida in 1986 after being deported are to receive 1,000 U.S. dollars each for damages.

Permanent secretary in Jamaica's Labour Ministry, Tony Irons, confirmed news reports that more than three hundred farm workers from Jamaica, St. Vincent and the Grenadines, Grenada, and Dominica would be compensated. The total to be paid out by the Okeelanta Sugar Company of South Bay Florida reportedly amounts to 355,000 U.S. dollars.

The cane cutters were deported at gunpoint and with guard dogs at their heels, after some went on strike to demand higher wages. The mamagement called in the police who, dressed in riot gear and equipped with rifles, batons, tear gas and dogs, surrounded the camp and forced the men onto buses. The workers said they were not allowed to collect their personal belongings and many were forced into the buses wearing only their slippers and underwear.

Several were reportedly bitten by guard dogs and two were arrested for inciting a riot. The charges were later dropped.

BVI Chief Broaches Relevance of Westminster Model

FL2009005695 Bridgetown CANA in English 2019 GMT 19 Sep 95

[FBIS Transcribed Text] Tortola, BVI, Sep 19, CANA — The debate about the relevance of the Westminister model of parliamentary governance to the Caribbean has again been brought up for discussion. This time, the subject has been broached by Chief Minister Ralph O'Neal of the British Virgin Islands [BVI], during a recent three-day seminar for regional parliamentarians organised by the BVI Legislative Council and the Commonwealth Parliamentary Association (CPA).

Chief Minister O'Neal suggested that parliamentarians in the BVI examine carefully whether the Westminister model adopted by Caribbean states was really relevant.

"When we refer to the Westminister model, we tend to forget that in the United Kingdom there is another layer

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of government called local government, in which they look at people's interest from the cradle to the grave," he said, adding that "down in Westminister Hall, they deal more with national and international matters."

O'Neal said the legislative system of small territories was concerned with all matters of local, national, and international affairs. "So I wonder if the Westminister model, as it is... is totally relevant to us," he stated. He suggested that some consideration be given to the United States' system of democracy, given the close proximity of the territory to the U.S. Virgin Islands.

The Chief Minister made it clear that he was not dismissing the need for parliamentary democracy. "I wonder if the present set-up is really a good vehicle for better representation of the people."

Regional secretary of the Caribbean, the Americas, and the Atlantic Region of the CPA, George Branker, noted what he called "a fundamental difference" between the parliamentary system in practice in the United Kingdom and that of Caribbean states. Branker said many of the assumptions which are part of Westminister have been written into the laws and constitutions of Caribbean states. However, these states "haven't recognised the difference between having conventions treated as an act of honour," he added. Branker said the theme introduced by the chief minister "is one of the most fundamental things that we have to deal with, but are ignoring." He spoke of the need to diversify the operations of parliament to draw young people, in particular, into the compass of Parliament. Branker said the community needs to feel integrated into the system so that their own act of voting can be influenced by the system.

"I should like to have the message go forward that we as a group of people in these islands have all the possibilites, qualities, merit that can be tapped to establish a total parliamentary management system that is second to none," Branker said.

The seminar was designed primarily for the new members of the BVI 13-member legislature. Participating delegates included distinguished parliamentarians from Anguilla, Barbados, St. Lucia, St. Kitts and Nevis, Turks and Caicos Islands, and the BVI.

WIBDECO Directors Meet To Develop Export Strategy

FL2009014095 Bridgetown CANA in English 2149 GMT 19 Sep 95

[FBIS Transcribed Text] Castries, St. Lucia, Sep 19, CANA — Faced with the loss of shipments from hurricane-battered Dominica, directors of the Windward Islands Banana Development Company (WIBDECO) have been meeting here to decide on a new export strategy. The meeting has identified, among the problems before the Windward Islands, the difficulty of reaching the banana export quota for the European Community and lower revenue for the grouping that includes St. Vincent, Grenada, and Dominica.

WIBDECO's Chairman, Arnhim Eustace, told the Caribbean News Agency that with no banana exports expected from Dominica for the next twelve months, the Windward Islands would be unable to reach their production target for some time.

"We have been making every effort to get as close as possible to our production quota of 294,000 tonnes, but now this no longer appears possible," Eustace admitted. "This means also that there will be less income for the industry for 1995/96, and there are also major implications for shipping costs, for being unable to fill the ships, our unit costs per shipment will rise."

Hurricane Marilyn battered Dominica last week, causing heavy damage to the banana industry, which had also been hit by Hurricane Luis two weeks ago. Windward Islands fruit industry officials are hoping for an increase in the price of bananas on the European market, triggered by shortages of bananas in the Caribbean Community, and Martinique and Guadeloupe, which were also affected by hurricanes.

Eustace, who is chairing the three-day meeting, told CANA that the directors were also studying plans for the restructuring of the banana industry, based on recommendations of the Cargill group of consultants. The WIBDECO directors on Monday took a long, hard look at the Cargill report, which over the next two days will be considered by officials from funding agencies, also assembled in St. Lucia. The consultants were hired by the European Union and the British Development Division to put forward ways in which the industry can best respond to the demands and pressures of the International community.

Prime Minister John Compton told the St. Lucia Parliament last week that the Cargill report was "vital for the future sustainability of the industry."

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Cuba

Remirez Said Appointed to Interests Section

PA1909200295 Paris AFP in Spanish 1839 GMT 19 Sep 95

[FBIS Translated Text] Havana, 19 Sep (AFP) — Diplomatic sources told AFP today that First Vice Foreign Minister Fernando Remirez de Estenoz has been appointed principal officer at the Cuban Interests Section (diplomatic office) in Washington. Cuban Foreign Ministry sources declined not only to confirm but also to comment on this appointment, which is generally seen in Havana's diplomatic circles as a good move. One ambassador, who asked not to be identified, said that Remirez de Estenoz "speaks very well." He added: This appointment suggests that the Cuban Government finds its diplomatic office in the U.S. capital to be more important than it has found it in the past, to the point that it "almost appears as if it is being given some sort of preferential treatment." Remirez de Estenoz will serve concurrently as first vice foreign minister and principal officer at the Cuban Interests Section in Washington. Vice Foreign Minister Jorge Bolanos has been promoted to first vice foreign minister. Remirez de Estenoz (42) is a PhD and holds a bachelor's degree in social sciences. Remirez de Estenoz has served as the Union of Young Communists' international relations secretary and worked at the Cuban mission in Luanda until 1988. He began his diplomatic career in June 1992 as first vice foreign minister. He served concurrently as first vice foreign minister and Cuba's permanent representative to the United Nations in New York between September 1993 and March 1995.

Commentary on U.S. Strategy To 'Crush' Cuba

PA1909150395 Havana Radio Rebelde Network in Spanish 1700 GMT 18 Sep 95

[Commentary by Orlando Contreras]

[FBIS Translated Text] In 1992, after the fall of the USSR and at a time when Cuba was going through its worst economic crisis — primarily due to the loss of its main export/import market — a bill was signed into law in the United States known worldwide by the name of its sponsor — Torricelli — even though it was officially approved under the name: Cuban Democracy Act.

The Act is an imperialist attempt to impose whatever policy Washington wants promoted beyond U.S. borders, without even recognizing the sovereignty and self-determination of nations like Cuba. It is an interference that violates the UN Charter and international and trade laws.

The goal is not only to reinforce the blockade of our country but also to crush Cuba — one of Washington's policy goals — via a direct approach and another, more sinuous, approach. Although the more sinuous approach may seem more positive in some respects, it is essentially driven by real U.S. interests and seeks to subvert the Cuban people's sovereign will more discreetly.

Alexander Watson, U.S. assistant secretary of state for inter-American affairs, said on 18 November 1993 — our worst year economically — quote: We — obviously referring to the United States — will continue our diplomatic, political, and economic isolation of the Cuban Government; on the other hand, we will attempt to reach the Cuban people through humanitarian aid, better telecommunications systems, and an increase in the flow of information; the Cuban Democracy Act reflects the two-track [previous two words in English] approach the administration supports.

Let's consider the so-called humanitarian aid: The Torricelli law prevents firms from selling food to Cuba. The Foreign Activities Control Office [Oficina de Control de Actividades Extranjeras] has confirmed that more than 90 percent of those firms' exports were foodstuffs, including wheat and other grains and other perishable goods. What the Torricelli law prevents through mechanism number one it repackages as humanitarian aid with mechanism number two. The situation is similar with medications, a situation that menaces the Cuban people's basic rights.

As if this were not enough, on 20 August 1994 the Clinton administration prohibited remittances from being sent to Cuba and expressly prohibited relatives, students, and researchers from flying to Cuba. Track Two promotes scholarships and visits to the United States for Cuban academicians, journalists, and intellectuals. Although this does not help reinforce the blockade, the intention is quite clear: generate a climate of mistrust among intellectuals, artists, and academics, the great majority of whom are major assets to our revolution. The objective of the so-called Track Two is nothing less than to undermine Cuban society from within by offering an illusory carrot. This strategy has existed since the days of the Egyptian pharaohs. The Romans referred to it as the divide-and-conquer strategy.

The Torricelli law and the Helms-Burton bill are cornerstones of the same anti-Cuban policy that the past has shown to be a costly failure, even though our people have had to pay a high price to defeat such a policy.

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British Minister Opens New Zeneca Offices

PA1909145495 Havana PRENSA LATINA in Spanish 2128 GMT 18 Sep 95

[FBIS Translated Text] Havana, 18 Sep (PL) — Ian Taylor, British secretary of state for science and technology, today inaugurated the new offices of Zeneca, an enterprise that for 30 years has maintained relations with Cuba for the supply of elements necessary for agricultural production, and has now expanded its businesses on the island.

It is noteworthy, said Taylor, that Zeneca has decided to increase its presence here at this time, when the number of British companies seriously considering investing in Cuba has grown perceptibly.

As far as Cuba is concerned, the British official said that the eyes of the world are on the island and the reform processes it is carrying out, which makes it important that it be successful.

Taylor, who arrived in the country yesterday on an official visit, said that the purpose of this trip, the second in a year, is to increase British assistance to the island, gather information, and, upon his return to London, call the attention of British industry to the opportunities Cuba offers.

I am holding talks with Cuban ministers to see how we can carry this out, Taylor said. The UK science and technology minister met today with his colleague, Rosa Elena Simeon, and Foreign Trade Minister Ricardo Cabrisas.

On behalf of the company, John Grieves, its director for Latin America, stated that with the opening of the new office, a new stage in the development of business with Cuba gets under way.

Zeneca, which has 33,000 employees throughout the world, invests heavily in research and has worldwide billings worth $4 billion.

Cuba, said Grieves, is living a moment of change, which represents new opportunities. In response to this reality, we have decided to invest more resources in this market — in sugar, and agriculture, in pharmaceutical production (especially antiseptics and anesthesia).

In public health, the Zeneca executive announced, there is a new association agreement being prepared with Cubalse in the PPC enterprise, which works at eliminating insects and plagues from the tourist areas.

We have also contracted Cuban technicians to render technical services to our products in other countries — he went on,

Attending the opening ceremony was Philip McLean, the British ambassador to Havana; Adolfo Diaz, vice president of the Council of Ministers; Ministers Cabrisas and Simeon; Carlos Martinez Salsamendi, president of the Cuban Chamber of Commerce; and other entrepreneurs.

Castro Attends Mexican Ambassador's Reception

PA1909224495 Havana Radio Rebelde Network in Spanish 1700 GMT 19 Sep 95

[From the "National Radio News" newscast]

[FBIS Translated Text] Commander Fidel Castro, president of the Council of State and of the Council of Ministers, last night attended a reception hosted by Mexican Ambassador to Cuba Claus Heller Riosal to celebrate the 185th anniversary of the famous Cry of Dolores on Mexican Independence Day. Other members of the Communist Party of Cuba and the Cuban Government, including diplomats accredited in our country, attended the ceremony held at the Mexican Embassy.

Castro, Party Leaders Close National Meeting

PA1909205095 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 17 Sep 95

[From the "NTV" newscast]

[FBIS Translated Text] The third and last working day of the meeting that began on Thursday at Palacio de la Revolucion concluded this afternoon.

With Commander Fidel Castro and leaders of the party and government of the national provinces — as well as key representatives of mass organizations — present, those attending the meeting discussed a thorough report presented by Domestic Trade Minister Barbara Castillo on the work in the spheres of domestic trade, the food industry, and public services.

Likewise, Education Minister Luis Ignacio Gomez referred to the results of and outlook for the work in education under the tense conditions of the special period. By the same token, Public Health Minister Carlos Dotres explained various aspects of the efforts being made to provide medical attention for the population despite the scarcity and difficulties that characterize this period.

In the afternoon session, Ricardo Alarcon de Quesada, president of the National Assembly of the People's Government, analyzed the international political situation — especially the most recent U.S. political actions against Cuba — and highlighted the great symbolic value of the fact that these three days coincided with the 100th anniversary of the Jimaguayu Assembly, where consensus and unity prevailed in the face of the tasks of the ongoing struggle, just as is happening with us now.

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[Begin Alarcon recording] It was on a day like today, 100 years ago, that the meeting of the constituent assembly was held — from 13 to 16 September — in Jimaguayu. The third constitution of the Republic of Cuba in Arms was the result of that meeting.

Comrades: If we were to recall that era, if we were to go back to Jimaguayu — or before then to Guaymaral or later on to La Yaya — we would see how this nation includes, among its best and most fruitful traditions, the ability to do things, things like those we have done here in these past three days, recalling what our forefathers did 100 years ago. These things include the ability revolutionaries and patriots have to debate any problem, engage in frank discussions, examine their problems thoroughly, be always capable of reaching a consensus, define guidelines for common action, and strengthen our people's fighting unity.

However, I think that we have paid the best homage to these compatriots: we have proven that, 100 years later, these same virtues are still alive in us; that we are not only capable of debating, discussing, and analyzing but of strengthening our common action and unity. [applause] [end recording]

In the last few minutes of the meeting, comrade Carlos Lage Davila, secretary of the Executive Committee of the Council of State, summed up the basic aspects that resulted from the thorough analyses and reports heard during the meetings.

Fidel made the final assessment, describing the meeting as extraordinary in both the administrative and political sense, and he thanked the participants for the valuable information they offered about their daily activities.

Finally, those who attended the meeting had their picture taken with the commander in chief at the doorsteps of the Palacio de la Revolucion.

ANPP Discusses Reduction in Accumulated Deficit

PA2009043795 Havana Radio Rebelde Network in Spanish 1700 GMT 19 Sep 95

[Commentary by Jose Yanez, from the "National Radio News" newscast]

[FBIS Translated Text] One of the most encouraging aspects discussed at the meeting held by the government leadership and the presidents of the National Assembly of the People's Government [ANPP] from all of Cuba's provinces and municipalities was perhaps the reduction of the enormous accumulated deficit.

[Jose Yanez] According to press reports, the huge budget deficit was reduced by 72 percent by the end of 1994, compared to 1993; and an additional reduction of 20 to 30 percent by the end of this year has been predicted. These reductions are taking place — and this is the best part — as a result of a reduction in subsidies given to economic sectors for losses.

Subsidies assigned from the budget to a large number of companies have constituted a common ailment for years. There was a time when the entrepreneurial system received more resources via subsidies from the budget than those it contributed. At the meeting, Fidel categorically stated that it would be impossible to maintain the revolution's achievements if the state lacks the funds. Therefore, it was said that a key aspect at this time and in the future will be to ensure the state's access to revenues, particularly via the collection of the various taxes and contributions stipulated by the tax law. This law establishes that the taxes collected from the profits earned by the companies play a pivotal role, since these companies are among the so-called big taxpayers.

However, there are still problems regarding this vital matter. For instance, there is a trend among state enterprises toward lower contributions to the budget based on net profits. Similarly, those companies that make contributions to the budget based on profits as stipulated by the law have stopped making their payments. According to additional reports by the media covering the meeting, in total, approximately 35 percent of state enterprises have not fulfilled their budget commitments during the first half of 1995. Those state enterprises are the ones that should bear the brunt of our development. The causes behind the failure to hand vital resources over to the state are indolence, lack of control, disorganization, and other evils that have afflicted us for years. Logically, among the main guidelines for future work identified during the meeting were: the strengthening of state enterprises and their efficiency, and the establishment of rigor and discipline in the fulfillment of their duties.

There are more than enough successful experiences to guarantee achievement of this goal. Otherwise, such subsisting trends could squander many of the resources we are gaining thanks to the new course taken by our economy.

Workshop Studies Cooperation on Electric Line Maintenance

PA1909231695 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 19 Sep 95

[Report by Rolando Crespo in Havana and Quebedo Ocampo in Holguin, from the "NTV" newscast — passages within quotation marks are recorded]

[FBIS Translated Text] The prospects of increasing Cuba's cooperation with Latin American countries were

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evident in a workshop for maintenance and repair of electric lines without affecting the service, which is currently under way in Holguin Province.

The workshop on maintenance and repair of 110 and 220 kw live transmission lines that is taking place in Holguin includes debates on theoretical-practical work.

This allows maintenance of the system without suspending service to the users; and it allows the exchange of knowledge and techniques at the international level, as well as Cuba's and other countries' experience.

[First unidentified speaker] "We see that the technique used here is the best for us. We are interested in training and preparing work brigades, and I believe that the safety measures used here are very basic."

[Second unidentified speaker] "A opportunity that was apparently closed has been opened, meaning the Cuban technician will now be able to go abroad to learn because they are very specialized, they have developed their techniques over there. I believe the event has been magnificent because it has been theoretical and practical, and the worker's role is excellent."

The event includes the participation of delegates from Brazil, El Salvador, Uruguay, Paraguay, Guatemala, and Mexico, as well as Cuban specialists.

Roundup of Cuban Economic Developments

PA1909184795

[FBIS Editorial Report] The following is a compilation of reports on economic developments in Cuba monitored through 19 September.

The Colombian Government reached a trade agreement with Cuba that includes tariff preferences for a total of 124 Cuban products and 65 Colombian products. Eduardo Munoz, deputy director of the Bilateral Relations Department of the Colombian Foreign Trade Ministry, said the agreement is very beneficial for his country's productive sector. Colombian textile, agroindustrial, agrochemical, petrochemical, and electrical products may now be exported to Cuba thanks to the agreement. Colombia may now import Cuban medical products. (Havana Radio Havana Cuba in Spanish 0000 GMT 13 Sep 95)

Members of the Cuban Workers Federation, CTC, discussed at the municipal conference in Bejucal, Havana, the lack of compliance with milk production goals at the Ariguanabo Livestock Enterprise and the drop in sugarcane production at the Cuba-DPRK Friendship UBPC [Basic Cooperative Production Unit]. The CTC members agreed to participate in the Science and Technology Forum to be held in the area. (Havana Radio Rebelde Network in Spanish 1700 GMT 15 Sep 95)

Juan Jose Vega, president of the corporate group Cubanacan, Inc., confirmed the construction of two new Cubanacan hotels in Havana — one jointly with a Spanish group and another with a Dutch company. At the end of 1994, Cubanacan had 7,636 rooms in 56 buildings. This could increase to 8,000 rooms by the end of 1995. Cubanacan is also building a shopping and convention center in Varadero. In addition, 800 tourists from 12 countries, mainly Canada and Germany, are currently visiting beaches in northern Holguin Province, a good start for this year's winter season, which should end in April 1996. (Havana PRENSA LATINA in Spanish 2108 GMT 15 Sep 95)

Sancti Spiritus Province is getting ready this year for the largest tobacco harvest in its history. It hopes to break the production record it reached last year when it was the leading tobacco-producing province in the country. The province hopes to harvest 150,000 quintals this year. Up to now a total of 410 caballerias have been plowed. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 16 Sep 95)

A total of 21 caballerias of hemp, used for making ropes and detergent, have been planted in Holguin Province. A plant in Gibara produced detergent and 900 ropes used for agriculture purposes. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 16 Sep 95)

This year the contribution of the Youth Labor, EJT, to the coffee harvest in Guantanamo Province will be greater than last year. Up to now, more than 26,000 cans of coffee have been collected than during the previous harvest. [as heard] Last year, the EJT's Guantanamo Division collected 327,000 cans of coffee in Guantanamo, which was more than the amount collected in Villa Clara, Sancti Spiritus, and Cienfuegos Provinces. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 16 Sep 95)

Omar Cruz, manager of the UK's Zeneca Company in Cuba, told PRENSA LATINA that the British company will continue providing technical services for agriculture production (sugarcane, tobacco, and citrus products) and will provide credit to the government. Company Director John Grieves said the opening of the new facilities will begin a new business stage in Cuba. (Havana PRENSA LATINA in Spanish 0919 GMT 19 Sep 95)

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Haiti

Two Demonstrations Protest Privatization

PA2009033095 Port-au-Prince Radio Metropole in French 1600 GMT 19 Sep 95

[From "The Midday Newscast"; passages within slantlines in Creole]

[FBIS Translated Text] We are now going to listen to Mobile Unit 20, which is following the two demonstrations against the privatization of the state-owned enterprises. Mobile Unit 20?

[Unidentified Mobile Unit 20 reporter] In fact, we are now at the Port-au-Prince police headquarters. The demonstrators are burning tires in the streets of Port-au-Prince, near the offices of the General Directorate of Taxes. They are burning tires [words indistinct].

/Why are you burning tires today?/

[Unidentified demonstrator] /We are burning tires because we want the people to know that the father is no longer sleeping; he has has woken up. Because I have noted that since these people arrived, they have blocked everything. They are going to privatize the country. We are telling them that the country is not for sale, neither wholesale nor retail. We are telling them..../

[Reporter, interrupting] /When you say them, whom do you mean?/

[Demonstrator] /Well, when we say the leaders, we mean Delatour, and Rey, who think they can make deals with regard to the country. We are telling them that at this moment we do not owe (?anybody anything) because we did not buy on credit. We do not owe the IMF. We do not owe anybody. We remained patient, with our hunger. Today, we will not allow them to privatize the country. We are telling them [words indistinct] and that if the country is privatized today, we will burn them because we want [words indistinct]. We prefer to burn it, instead of (?letting them) privatize it./

[Reporter] This is the message sent by these demonstrators in the streets of Port-au-Prince today. The demonstrators are in the streets to say no to the policy of privatizing the state-owned enterprises. Once again, this is Mobile Unit 20, on the scene, for Radio Metropole.

Demonstrator Arrested; 'Yankees' Slogans Noted

PA2009035095 Port-au-Prince Radio Metropole in French 1702 GMT 19 Sep 95

[From "The Midday Newscast"]

[FBIS Translated Text] It is 1302. The newscast is not over, and we are going to listen to Mobile Unit 20, which is in the heart of a demonstration against the privatization of the state-owned enterprises. In its latest flash, Mobile Unit 20 reported that a burning barricade has been erected near the General Directorate of Taxes.

[Unidentified Mobile Unit 20 reporter] [Words indistinct] at the general headquarters of Port-au-Prince police. The demonstrators — you can hear them now — are in front of Port-au-Prince police headquarters to demand the release of a demonstrator who has been arrested. According to the demonstrators' statements the man was arrested illegally, because he did nothing (?wrong). He did not have weapons in his possession. However, there is another version that says that the guy was allegedly in possession of a gun with...[pauses] gas — let us say [words indistinct] gas sold in the supermarkets [propane]. So, there is a lot of tension in the air, so to speak.

The demonstrators [words indistinct] they are ready to do everything to obtain the release of this demonstrator who has been arrested. Right now, a certain force has been set up by the Haitian policemen and the French policemen, who are also here to guarantee the security of the general headquarters of the Port-au-Prince police. The (?street) is completely blocked by the presence of these demonstrators, who are chanting slogans against the Americans. For the first time, we have seen slogans saying: Yankees [words indistinct] that reigns for the moment in front of the general headquarters of the Port-au-Prince police, with demonstrators who are demanding the release of [words indistinct].

This has been Mobile Unit 20. We are monitoring this situation very closely for you.

Aristide on Elections, Trying Military Strongmen

PA1909160595 Port-au-Prince Signal FM Radio in Creole 1030 GMT 19 Sep 95

[From the "Waking Up" newscast; passages within quotation marks Aristide recording]

[FBIS Translated Text] President Aristide told the press at the National Palace on 18 September that the second round elections serve as a democratic umbrella for the Haitian people. He again congratulated the Haitian people for voting en masse despite calls from certain circles to boycott the second round of elections. He took the opportunity to thank the Provisional Electoral Council [CEP], the police, and the United Nations for helping the Haitian people cast their ballots freely. President Jean-Bertrand Aristide said that this round of elections was held in peace and without pressure:

"I congratulate the Haitian people on their organization of and participation in the elections. I thank the Haitian

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people and all those who joined hands so that we could conduct these elections in peace and security. I thank the CEP, the police, and the United Nations. No one who did all he could to ensure that the elections would be conducted in peace and security will be forgotten."

When asked how parliament will work with the majority of legislators being Lavalas Political Organization [OPL] members, President Aristide cautioned that people should not consider the OPL a single organization but a platform incorporating several political parties: the Movement for the Organization of the Country [MOP]/ Delmas branch, the Open the Gate Party [PLB], and many other people's organizations. The head of state assured that parliament will be politically pluralist:

"The fact that nine senators did not feel obliged to run proves that we already have the basis for a pluralist parliament. How many legislators will be Lavalas members? How many will not be Lavalas members? I do not know. I will know by month's end, when the results are published. I am certain that...[pauses] by the way, the Lavalas family includes several political parties. It includes three political parties — MOP, OPL, and PLB — and several other organizations that are not political parties but that are part of the big Lavalas family."

President Aristide believes that too many corrupt drivers are at the wheel of the car of justice, preventing it from getting under way. President Aristide mentioned several names — including former strongmen Michel Francois and Raoul Cedras and (?their) colleagues — as people who should be brought to trial and who, in fact, will be tried, whether they like it or not. He also acknowledged corruption within the public administration: Although the Constitution gave him the right to make changes in the public administration during the seven months he ruled in 1991, he felt compelled to form a coalition government upon his return to the country. President Aristide assured the Haitian people that they can rely on him and that he will be relying on them.

Aristide on Voter Turnout, Plans To Step Down

PA2009023595 Port-au-Prince Radio Galaxie in Creole 1000 GMT 19 Sep 95

[From the "Let Us Sit Down To Talk" newscast"]

[FBIS Translated Text] During a news conference on the elections held on Sunday, 17 September, President Jean-Bertrand Aristide congratulated the police, the UN/ OAS observer mission, and the Provisional Electoral Council for a job well done. The president said the Haitian people are a great people, because they always participate in all good elections held in the country. The president also said the people's participation shows their desire to get out of their state of extreme poverty and injustice. According to the president, the Haitian people are not used to participating in a second round of elections. This is why — the president said — crowds of people did not show up at the polling stations.

[Words indistinct] dialogue must be established between all political branches in the parliament.

Jean-Bertrand Aristide reiterated that he will step down on 7 February. In his opinion, it is not his presence that is important; more important are the Haitian people's wishes. He hopes his successor will continue his work. Aristide also said he will not be the prime minister of the next government.

Furthermore, the president criticized those considering a demonstration against the presence of the multinational force. President Aristide thinks these are people who feel nostalgia for the regime of Raoul Cedras and Michel Francois. He hopes these military leaders will be tried normally.

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Military Reports on Drug Trafficking in Country

PA1909152095 Mexico City LA JORNADA in Spanish 18 Sep 95

[Report by Ciro Perez Silva — received via Internet]

[FBIS Translated Text] According to information given to the Office of the Attorney General of the Republic (PGR) by Brigade General Manuel Fernando Badillo Trueba, command and staff graduate of the Presidential Staff and deputy chief of staff of National Defense, between 1992 and 1993, the income received by drug traffickers equalled Mexico's total exports, including maquiladora [assembly plant] industry exports — that is: $26 to $28 billion.

According to General Badillo's study, this activity generates jobs for approximately 350,000 persons, starting with production and ending with the sale of 70 percent of the marijuana and 30 percent of the heroin consumed in the United States, in addition to the huge business the Mexican cartels receive for controlling the country through which 60 percent of the cocaine from South America enters U.S. territory.

General Badillo's report, one of the studies the PGR has studied to improve its penal and constitutional reforms proposal against organized crime, adds that drug trafficking "has contributed to the development of the areas in which it has become established because of the extravagant cash spending by drug trafficking groups." However — Badillo warns — this development is ephemeral and is a danger to public security, since, on one hand, once the drug trafficking organizations are disbanded the effect of the economic bonanza is reversed and, on the other hand, the presence of highly organized groups generates violence and fosters criminal behavior among lesser groups.

In this regard, General Badillo emphasizes that because of the magnitude of the problem, cooperation between the Army, the Air Force, and the PGR is needed in tasks regarding the detection and destruction of drug plantations, laboratories, and collection and preprocessing centers.

In this regard, according to DEA information, Mexico has practically become the great warehouse for the marijuana, heroin, and cocaine produced in South America.

The information General Badillo handles regarding the increasing activity of drug traffickers in Mexico, emphasizes that Mexico "because of its geographic position as neighbor to the country that has the highest rate of drug consumers in the world, has to face the risk that its territory will be used to traffic and produce large quantities of drugs."

General Badillo emphasizes that Mexico produces 70 percent of the marijuana and 30 percent of the heroin consumed in the United States, while 60 percent of the cocaine sold in the U.S. market passes through Mexican territory.

As regards economic repercussions, the report estimates that from 1992 to 1993 the earnings received by drug traffickers "were equal to the total of Mexican exports, including maquila [assembly] industry exports — that is: $26 to $28 billion."

Faced with this situation, General Badillo urges the pertinent authorities to promote specific actions aimed at improving cooperation between institutions to fight drug trafficking, which should include better organization, assignation and use of funds for more efficient action by the personnel assigned to these tasks, and unity in the direction of objectives and effective controls of police actions.

In this regard, the PGR proposes the creation of a specialized elite corps, made up of government agents and policemen trained in a strictly professional process under civilian control, with greater resources, to face the drug trafficking organizations,

Secofi Announces Plan To Systematize Purchasing

PA1909180495 Mexico City Radio RED Network in Spanish 0000 GMT 19 Sep 95

[Report by anchorman Martin Espinoza and reporter Antonio Guzman; from "The Night Monitor" newscast]

[FBIS Translated Text] [Espinoza] The Secretariat of Commerce and Industrial Development [Secofi] has announced a program, saying the program will mainly benefit micro-, small, and medium-sized businesses throughout the country. How are you, Antonio? Good afternoon.

[Guzman] Good afternoon, Martin. Good afternoon to our listeners. At the end of another meeting of the National Council of Micro-, Small, and Medium—sized Businesses [Consejo Nacional para la Micro, Pequena y Mediana Industria], Decio de Maria Serrano, Secofi's under secretary for foreign trade and investment, announced the implementation of a systematized, open program for government purchases.

This is a program open to all businesses in Mexico for timely discussions of over 70,000 purchases the Federal Government makes throughout the year through 3,500 points. This program, Martin, will start next year. All potential government suppliers, who manufacture from screws to sophisticated equipment, are expected to participate in the bidding with the guarantee, above

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all — this is the most important aspect of the program — that there will be follow-up as regards timely payments, to avoid delays. Let us listen. Decio de Maria Serrano, Secofi's under secretary for foreign trade and investment, said the following:

[Begin Serrano recording] For example, regarding government purchases, when the program is implemented every player or business in the country would have an opportunity to participate. Nowadays, they cannot participate, or if they do, there are very high costs that automatically eliminate a group of businesses. In this system, payments will be monitored one by one. The program's follow-up will allow us not only to determine if payments are delayed but to determine exactly the bidding in which this step has not been taken. [end recording]

[Guzman] In fact, measures will be taken to insure timely payments. This system will be computer-operated. Businesses wishing to participate in the bidding should install a network to obtain the necessary information to participate in the bidding for government purchases and qualify as suppliers. The program also establishes that should businesses want to participate in two or more biddings, they would not have to present new documents and procedures because the basic documents required for one bidding will suffice, in order to participate — I repeat — in two or three biddings for government purchases.

At the meeting of the National Council of Micro-, Small, and Medium-sized Businesses, the implementation of a total-quality program was also announced, to improve business productivity through clear and precise procedures, so that products can become competitive enough on both the national and foreign markets.

Here we must point out that figures indicate that one out of every 1,000 businesses have programs to improve product quality. The highest percentage of businesses lacking these programs is among micro- and small businesses. Lastly, the council meeting also presented a program to encourage toy, sports equipments, bicycle, and furniture businesses.

During this interview, Serrano said these programs will have medium-term effects because efforts are being made to consolidate them mainly to increase their effectiveness. Well, Martin, that is our report.

[Espinoza] Antonio, in conclusion then, any micro-, small, and medium-sized businesses wishing to participate in this system will have as advantages that bidding procedures will be quicker, there will computerized follow-up of payment procedures, and this computer network will provide the purchase calendar to all potential businesses participating in the project. Where can they register? Where can they obtain more information for all micro-, medium-sized, and small businesses interested in this new system Secofi and the Comptroller General's Office are announcing?

[Guzman] In this regard, Martin, Secofi would be the right place to obtain this information. The program has been announced. It will be implemented next year. In effect, the bidding dates will be given in detail and specifically through computers. Obviously, Secofi through this National Council of Micro-, Small, and Medium-sized Businesses would be the right place to obtain more details on how to access the information required for each case through this computer network.

[Espinoza] Therefore, businesses have until December to register since the program starts in January.

[Guzman] That is correct.

[Espinoza] Thanks, Antonio.

Bank Union Leader on Further Dismissals in Sector

PA1909180595 Mexico City LA JORNADA in Spanish 18 Sep 95 p 18

[Report by Antonio Gonzalez Vasquez]

[FBIS Translated Text] San Luis Potosi, SLP, 17 September — After the economic crisis erupted, and thus far, since January, more than 12,000 bank employees have lost their jobs; and it is believed that if the crisis is not resolved, many workers will be affected by personnel adjustment programs, Alfonso Aguilar Borrego, secretary general of the National Federation of Bank Unions, has said.

Aguilar pointed out that this has been an extremely difficult year for bank employees because, in general, the banks have had to tackle the country's serious economic crisis, and have been affected more than any other economic sector. He explained that in light of the serious problem of overdue portfolios, the banks, unable to recover their capital, have opted for cutting expenses by reducing their personnel, which has generated concern among the workers. The bank employee leader added that another circumstance that has caused the dismissal of employees has been the merger of banks — because as the merged institutions become stronger, they are trying to save resources by firing employees, and this is why we are not very pleased with them.

In the first eight months of 1995, 12,000 employees — of the 186,000 union members nationwide — have been dismissed, while it is still uncertain whether or not the same adjustment pace will be maintained. If this is the case, many more people would be affected.

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Aguilar believes that to curb adjustments, the national economy must become stable and at the same time the Agreement for Immediate Support for Bank Debtors (Ade) must be as successful as expected, because as the economy becomes stronger, so will the banks.

Concerning the Ade, he noted that the program is moving along, with good participation by the debtors, since in the first week of its implementation, 24 percent of those who could benefit from the program participated.

Aguilar chaired the meeting of the Banco del Centro Union, in which Carlos Juarez Rojas was confirmed as secretary general.

There, he stressed that if the economy does not improve and if the Ade is not accepted as well as is expected, more dismissals are expected.

Private Sector Assesses Obstacles to Recovery

PA1909192195 Mexico City LA JORNADA in Spanish 18 Sep 95 p 54

[Report by Juan Antonio Zuniga]

[FBIS Translated Text] Studies of economic prospects conducted by the private sector have stressed that the loss of jobs and the decline in the purchasing power of salaries constitute the two leading factors that will hinder the economic recovery, despite the fact that 60 percent of public spending will be allocated for the rest of the year.

Salaries are in a slump; particularly, the legal minimum salary earned by approximately 50 percent of the country's salary earners decreased by 29.1 percent up to last August, compared to the purchasing power salaries had in 1994 — according to estimates by the specialized publication TENDENCIAS of the Expansion Publishing Group.

As for companies — an analysis by the Inverlat Financial Group points out — "producers are still experiencing a sharp lack of liquidity because of the slowdown in the domestic market, which affects the situation of most of their companies."

Greater public spending within a context of monetary restriction does not seem simple — mainly because the group of economic policy measures to decrease the growth rate of prices and lay the foundations for a new growth phase for the national product are based on the control and reduction of payment means.

To this effect, experts from the IXE Financial Group (former Fimsa) explained that of the five components of aggregate demand — public and private consumption, public and private investment, and exports — only exports have registered an increase, while the rest have registered major drops as a result "of a decrease in available real income, an increase in interest rates, and an increase in the value-added tax (VAT)."

Beyond a growth that may begin to take place toward the second quarter of 1996, the core of these studies poses the question of what type of increase in GDP can be reached by an economy which, by the end of the first half of 1995, experienced a slowdown similar to the levels registered in 1991.

The unemployment registered as an upshot of the crisis — which officially affected more than 800,000 people in the first eight months of 1995 — has also affected the levels of domestic consumption; and along with salary reductions, it looms as one of the two factors that will condition the type of economic growth that will take place in the coming years.

Many of the jobless — TENDENCIAS experts warn — will only be able to find a job at minimum wage and, "certainly, this sort of hiring will not have a great impact on domestic demand."

In macroeconomics terms, the result is the same. The Mexican economy's total consumption registered an annual drop of 14 percent during the second quarter of 1995. This circumstance is relevant if we consider that this variable constitutes 73.5 percent of the estimated GDP. Consumption by the private sector dropped 13.3 percent, whereas that by the public sector fell by 17.8 percent.

Total investment — another decisive factor for economic growth — plummeted 23.6 percent in the second quarter of 1995 compared to figures registered in the same period in 1994, which led to a greater drop in GDP, if we take into account that this variable constitutes 16.4 percent of GDP.

Regarding private investment, which experienced a 22.3-percent plunge, IXE analysts said that "the mechanisms implemented to provide support to indebted companies will not imply the immediate recovery of this component, since these mechanisms would have to be accompanied by an increased loosening in the liquidity levels of the economy. This will not be the case — at least for this year — because of the goal to continue lowering prices."

Thus, the expected economic growth — which would begin toward the second quarter of 1996 — will result neither from an increase in wages that promotes domestic consumption, because this would trigger an increase in prices, nor from investment public and private, because this would have the same effect.

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Aggregate Demand (Annual Growth Rates)

	Apr-Jun 94	Apr-Jun 95
TOTAL DEMAND	6.3	-12.7
Total Consumption	4.8	-14.0
— Public Sector	6	-17.8
— Private Sector	4.6	-13.3
— Investment	7.9	-23.6
— Public Sector	9.1	-29.9
— Private Sector	7.6	-22.3
Exports	8.4	20.1

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El Salvador

FMLN Requests Extradition of FBI Prisoner for Trial

PA2009044695 San Salvador Radio Cadena YSU in Spanish 1800 GMT 19 Sep 95

[Report by Ernesto Lam, from the "YSU Radio News" newscast; passages within quotation marks are recorded]

[FBIS Translated Text] The Farabundo Marti National Liberation Front [FMLN] today issued a request to spare the life of Carlos Romero Alfaro, alias Saldana, who killed FMLN leader Francisco Veliz and has been arrested by the United States' FBI authorities.

Evelyn Gardella, wife of the former Party of the People's Revolution leader, said it must be guaranteed that Saldana will come to the country so he may answer to the charges.

[Gardella] "His human rights must be respected, both while he is in the United States and when he enters the country. Above all, his life must be protected so that he may be tried according to the national laws. Second, we are convinced that the Prosecutor General's Office must be currently making the pertinent and necessary contacts for Carlos Romero Alfaro's arrival in the country as soon as possible. This involves either an extradition process or the man's migration status over there [as heard]. Lastly, we expect prompt justice here in accrodance to national laws, and this should result in a thorough investigation of the case, so that this type of incident does not happen again in the country."

Leonel Gonzalez, coordinator of the opposition party, said Romero Alfaro's extradition is of vital importance, not only so that he may answer for Veliz' assassination but to discover who is behind organized crime in the country.

[Gonzalez] "I believe it must be shown that there is no impunity here and that President Calderon Sol's government and Hugo Barrera — who already said there is organized crime here — have evidence, have an opportunity to prove that they will purge the National Civilian Police [PNC]. We believe this is part of a system within the PNC.

"We have stated that, if the Criminal Investigations Directorate, if a former National Police member is chief of the Criminal Investigations Directorate, meaning Mauricio Antonio Arriaza Chicas, whom we have questioned because he is a person who has not acted honestly... [pauses] this man has previously been a member of the Criminal Investigations Directorate and, when FMLN members' crimes occurred, they planted evidence to accuse the FMLN. We believe the arrival of this man is part of a system, and he is the key."

Guatemala

President Explains Recall of Ambassador to Belize

PA1909132195 Guatemala City PRENSA LIBRE in Spanish 17 Sep 95 p 6

[FBIS Translated Excerpt] President Ramiro de Leon Carpio said yesterday that Ambassador Antonio Castellanos returning to Guatemala from Belize does not mean that there is a break in diplomatic relations but, on the contrary, that a solution to the conflict is being sought. He added that Castellanos is in Guatemala to discuss the Belizean authorities' moves in an effort to ensure that the incident that took place in Los Olivos, Dolores, Peten, on 25 August will not be repeated. The president noted that they will also seek ways to ensure that the Belizean authorities compensate peasants affected by the incursion of Belizean soldiers into national territory. [passage omitted]

President Commits to Dialogue To Settle Belize Border Dispute

PA1909140295 Guatemala City LA REPUBLICA in Spanish 17 Sep 95 p 7

[By Guillermo Giron Valdes]

[FBIS Translated Text] President Ramiro De Leon Carpio has said that "the border problem with Belize has been resolved through diplomatic channels" and that future problems will be handled through dialogue rather than force. The president made these remarks at the cloverleaf in the Villa Linda residential area, Zone 8, yesterday, during the Second "Central American Independence" Cycling Tour. He and Costa Rican President Jose Figueres, who was in Guatemala on a brief visit, attended the sporting event.

Dolores Mayor Augusto Ovando Tzin recently reported that Belizean troops aboard a helicopter raided Guatemalan territory, threatening to expel residents of Los Olivos — claiming they were on Belizean territory — and burning cornfields.

Foreign Minister Alejandro Maldonado Aguirre recently stated that Guatemala continues to recognize the border despite the Belizean Government's policy of conducting raids on national territory. Maldonado Aguirre said that once Guatemala's dispute over Belizean territory prevails, our country will not negotiate alleged borders with a territory it considers its own.

The Guatemalan Army has confirmed that Belizean troops conducted the raids.

Defense Minister Mario Enriquez has reported that he ordered a military detachment to Los Olivos to discourage future raids.

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De Leon Carpio recalled that borders with Belize have not been officially established since Guatemalan ownership of a territory now known as Belize dates back to the early years of the Spanish conquest of the new American territories, when the Royal Borders Court was created.

Costa Rican President Discusses Meeting With De Leon

PA1909133795 Guatemala City LA REPUBLICA in Spanish 17 Sep 95 p 6

[By Guillermo Giron Valdes]

[FBIS Translated Text] The summit of Central American presidents scheduled to follow the Second "Central American Independence" Cycling Tour on 16 September ended up being a summit of two presidents: Costa Rica's Jose Maria Figueres and Guatemala's Ramiro de Leon Carpio. Figueres said that he has followed the Guatemalan peace process with interest and that he hopes that peace will be achieved by year's end. "My country and I support the Guatemalan peace process and are quite optimistic that Guatemala's ongoing war will end soon," he added. The Costa Rican president acknowledged President De Leon Carpio's efforts and determination to see that a definitive agreement is signed soon. We are ready to help advance the peace process on the Guatemalan Government's say-so, he said. Figueres pointed out that the conflict between Nicaragua and Colombia over the San Andres and Providencia Islands and Guatemala's claims over Belizean territory must be channeled through dialogue and negotiation. Costa Rica's democratic tradition calls for couching differences between sister countries in terms of harmony and goodwill before resorting to violence; we are ready to help Colombia and Nicaragua settle their differences if they need us to do so, Figueres noted. He said that he was not aware that there would be a presidential summit. I like Guatemala and its people; my friendship with President Ramiro de Leon Carpio often brings me to this beautiful country; today (16 September), the occasion was the conclusion of the Central American Cycling Tour and discussion of the actions that Central American countries must take together to combat the classic dengue epidemic; other reasons will bring me here in the future, he added. Figueres said that he met privately with De Leon Carpio on issues of common interest, such as the 50th anniversary of the United Nations and the upcoming Ibero-American presidential summit in Argentina.

Panama

Alleged Killer of U.S. Soldier on 'Irregularities' in Case

PA1909171695 Panama City Circuito RPC Television in Spanish 2300 GMT 18 Sep 95

[From the "RPC Television News" newscast]

[FBIS Translated Text] From jail, Gerardo Gonzalez' son has charged that the prosecuting office has been manipulating his case.

Pedro Miguel Gonzalez has reported that the prosecutor in charge of his case has incurred irregularities, irregularities that include testimonies from false witnesses.

[Begin Gonzalez recording] The truth is that it has become evident over the past few months that testimonies from experts proving my innocence have been concealed and that false witnesses have been bought off. This is a situation that Prosecutor Guevara is perfectly aware of, however, he is ignoring all this, keeping the same attitude of political persecution. It is very clear that such an attitude has prevailed at the prosecuting office.

At this stage of the process, the only proof against me is the testimony from two false witnesses who received money from the North Americans in exchange for their statements, in fact, one of them confirmed this a few days ago. [end recording]

According to the country's attorney general, the case is following the regular channels and it is currently waiting for a ballistic report from Scotland Yard because Panama does not possess the equipment for such test.

However, according to Gonzalez, accused of killing U.S. soldier Zak Hernandez, this action is illegal.

[Begin Gonzalez recording] The intention now is to conduct a fifth test at Scotland Yard, England. This is unusual in our country's penal history and we totally reject it. [end recording]

We tried to contact prosecutor Dimas Guevara but he did not show up at his office today because, we were told, he is studying the documents of a court case.

Official Discusses Bosnian Refugees, Extraditions

PA1909231095 Panama City Telemetro Television Network in Spanish 1730 GMT 19 Sep 95

[Report by Myrna Ortega, from the "Telemetro Reports" newscast]

[FBIS Translated Text] Foreign Ministry officials reported that Panama could be one of the countries asked

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to grant refuge to Bosnian citizens and added that all these talks have been informal up to now.

Ivette Franco, director of the Foreign Ministry's Legal and Treaty Affairs, said that the office of the UN High Commissioner for Refugees [UNHCR] has informally requested several countries to take in Bosnian refugees.

[Begin Franco recording] There is no official stance yet. UNHCR representatives have told several governments in a very informal way that the possibility is being studied for about 25 countries to accept approximately 40 to 50 family groups, which works out to about 250 people for each country. All we know up to now is that UNHCR will formally present the request to various countries so that they can consider the possibility of accepting the refugees. [end recording]

According to Franco, in order to accept them, Panama would have to evaluate certain terms.

[Begin Franco recording] As part of their request, the UNHCR is going to establish special programs so that both the host country as well as the UNHCR can jointly assume expenses with each of the countries that take them in. [end recording]

In another turn of events, the Foreign Ministry is studying the extradition of U.S. citizens Fernando Hernandez Arias and Alfredo Lopez Rodriguez, both accused of drug possession and money laundering. These are the only cases that are being worked on.

Regarding former Guatemalan President Jorge Elias Serrano and Haitian military officer Raoul Cedras, the Foreign Ministry reported that these governments have not made new requests to Panama.

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Argentina

Menem on Malvinas Oil Exploitation Pact With UK

PY1909161295 Buenos Aires TELAM in Spanish 1236 GMT 19 Sep 95

[FBIS Translated Text] Buenos Aires, 19 Sep (TELAM) — President Carlos Menem today emphasized that the agreement with the United Kingdom on oil exploration and exploitation around the Malvinas Islands "represents the first real and legal step in Argentina's unswerving struggle to regain sovereignty" over the archipelago.

Asked by Radio El Mundo about the distribution of royalties between the United Kingdom and Argentina for exploiting oil in the territorial waters in eastern Malvinas Islands, Menem said: "This is the best we have achieved in 163 years, following the usurpation of our islands in 1833."

Di Tella on Joint Declaration With UK at United Nations

PY1909161395 Buenos Aires TELAM in Spanish 1440 GMT 19 Sep 95

[FBIS Translated Text] Buenos Aires, 19 Sep (TELAM) — Foreign Minister Guido Di Tella officially announced today that Argentina and the United Kingdom will on 27 September release at the United Nations a joint declaration on oil exploration and exploitation around the Malvinas Islands.

During a news conference at the Olivos Residence, Di Tella — accompanied by Senator Eduardo Menem and Deputy Jorge Matzkin, the PJ [Justicialist Party] bloc leader in the Chamber of Deputies — emphasized the "significance" of the new situation with the United Kingdom that expresses the Argentine sovereignty over the Malvinas Islands.

Di Tella Explains Joint Accord

PY2009025095 Buenos Aires TELAM in Spanish 1829 GMT 19 Sep 95

[FBIS Translated Text] Buenos Aires, 19 Sep (TELAM) — Foreign Minister Guido Di Tella confirmed today that Argentina and the United Kingdom will sign a joint declaration at the United Nations headquarters in New York on 27 September to enable both countries to undertake oil prospecting and exploitation ventures in the waters of the Malvinas Islands.

Di Tella explained that the joint declaration, to be signed on 27 September by Di Tella and his British counterpart, Malcolm Rifkin, establishes "bilateral cooperation in a special economic area covering 20,000 square kilometers."

The foreign minister further reported that Argentina will submit to the United Nations a unilateral document, which he termed "indispensable for the full preservation of our rights," adding that this document "establishes the possibility of collecting royalties on oil development in the area under contention."

The head of the foreign ministry made these remarks during a news conference he called following a meeting he held with President Menem, Justicialist Party [PJ] lawmakers, and foreign ministry officials at the Olivos presidential residence.

Having termed the signing of the joint communique an "extraordinarily important" event, Di Tella pointed out that "we will be able, for the first time in 163 years, to enter the areas claimed by Argentina and the United Kingdom as their own."

A draft memorandum of understanding on bilateral cooperation for the prospecting and tapping of oil in the Malvinas Islands territorial waters was signed recently by Guillermo Gonzalez, foreign policy under secretary, and his British counterpart, William Marsden.

In reply to a question concerning whether this agreement will have a direct bearing on negotiations dealing with the Argentine claim to sovereignty over the Malvinas Islands, Di Tella said: "We believe that it is a step in the right direction."

The foreign minister underscored the "remarkable legal and institutional importance" of the implications of "being able to collect a percentage on oil development in the Malvinas Islands."

Di Tella commented: "I received a letter from Henry Kissinger this morning in which he said that (the signing of the agreement) is a most significant event — the starting point of a process which is obvious."

Deputy Foreign Minister Fernando Petrella; Andres Cisneros, Foreign Ministry coordination secretary; and Osvaldo Castruccio, the Foreign Ministry under secretary for institutional relations, participated in the meeting held at the Olivos presidential residence this morning.

Also attending the meeting were Senate Provisional President Eduardo Menem, Pedro Molina, and Jorge Matzkin, the PJ bloc leaders in both houses of Congress.

Senators Antonio Cafiero, Jorge Massat, Guillermo Snopek, Olijela del Valle Rivas, and Augusto Alasino, and deputies Antonio Erman Gonzalez, Ana Kessler, Miguel Angel Toma, Carlos Soria, Eduardo Camano, Alberto Balestrini, and Raul Alvarez Echague were also present at the meeting. They were accompanied by Alberto Kohan, secretary general of the presidency.

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Commenting on the meeting, Di Tella stated: "We reviewed the current status of negotiations with Great Britain." He announced that all congressmen will be informed about the scope of the memorandum of understanding that will enable the signing of documents at the UN headquarters.

Another document — including "a bill drafted by Senator (Eduardo) Menem and passed by the upper chamber — that has to be announced on that very same day because it completes the package of measures" will be submitted at the UN headquarters on 27 September.

The aforementioned bill establishes sanctions against companies participating in a public bid unilaterally called by the Malvinas Islands inhabitants.

Senator Menem himself explained in the news conference that this bill "wholly preserves the spirit embodied in the declaration stating that the Malvinas Islands' resources belong to Argentina."

To that effect, Di Tella said that the bill, "which will have to be enacted by 27 September, establishes a differential treatment of those who refuse to pay us for our rights."

The foreign minister said that Argentina will submit another proposal that seeks to amend the hydrocarbons act so as to "adapt it to the agreement provisions and, finally, the reassertion of the 'Argentine Plan,' which includes public bids for the four sectors previously challenged by the British that are now being accepted."

Senator Menem was of the opinion that the agreement "constitutes a significant step forward for Argentina's claim, as the United Kingdom will for the first time acknowledge that there is a sovereignty dispute" over the South Atlantic islands.

Deputy Matzkin, for his part, expressed the belief that the agreement "fits right in with the political line President Menem has established for the overall treatment of the Malvinas Islands issue."

The PJ bloc leader in the Chamber of Deputies said, in concluding, that "Congress deems that as far as legislation and public opinion are concerned, the agreement will be positive."

Petrella 'Satisfied' With UK Oil Agreement

PY1909165295 Buenos Aires TELAM in Spanish 1245 GMT 19 Sep 95

[FBIS Translated Text] Buenos Aires, 19 Sep (TELAM) — Vice Foreign Minister Fernando Petrella today said he is satisfied over the memorandum of understanding signed with the United Kingdom on cooperation for oil exploration and exploitation in the Malvinas Islands.

The vice foreign minister told Radio Mitre: "We are satisfied" with the agreement which was achieved "after negotiations that virtually lasted three and one-half years."

Petrella noted that "we have to be absolutely sure that the United Kingdom will agree with the text that was finally negotiated" during the last meeting that Foreign Policy Under Secretary Guillermo Gonzalez held with his British counterpart, William Marsden.

The vice foreign minister emphasized: "Even though we have been gradually reporting about the various steps, as the support of British Prime Minister (John Major), the approval of the (British) cabinet is now missing."

Petrella noted: "These negotiations virtually lasted three and one-half years, since Foreign Minister Guido Di Tella established with the British a high-level group for discussions on hydrocarbons."

The vice foreign minister emphasized: "There have been many comings and goings all these years, but now there is an agreement that is satisfactory to us."

The vice foreign minister explained: "The maps published in the newspapers do not reflect the scope or the substance of this understanding."

Petrella explained: "Our negotiations were based on two premises: first, averting the downgrading of the extremely important legal aspects of Argentina's claim; and second, the existence of broad economic benefits after all these exercises of exploration and exploitation."

The vice foreign minister confirmed that the memorandum of understanding "will be signed in New York because Foreign Minister Di Tella and British Defense Minister Malcolm Rifkind will be meeting there at the UN General Assembly session," scheduled for 27 September.

Infantry Brigades Carry Out Military Exercises in Cordoba

PY1909214395 Buenos Aires TELAM in Spanish 2350 GMT 18 Sep 95

[FBIS Translated Text] Cordoba, 18 Sep (TELAM) — About 600 officers and NCO's from the 8th Mountain Infantry Brigade of Mendoza Province, the 5th Mechanized Infantry Brigade of Tucuman Province, and the 4th Airborne Infantry Brigade of Cordoba Province today began the Condor-2 military exercise at the 3d Army Corps Command premises in Cordoba Province.

Division General Maximo Groba, the 3d Army Corps commander, explained that the exercises allow the various levels of 3d Army Corps leadership to practice.

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General Martin Balza, the Army chief of staff, will visit the 3d Army Corps Command premises on 20 September to evaluate the final recommendations of the Condor-2 Drill that will end on 20 September.

About 150 communications and logistics vehicles are deployed at the premises where the drill is being carried out. The officers and NCO's are scheduled to plan, map, and apply General Staff techniques as if they were in a battlefield.

The officers and NCO's also have a sophisticated interconnected TV system, allowing direct communications among themselves during the military actions.

The 3d Army Corps jurisdiction includes the provinces of Santiago del Estero, Tucuman, Salta, Jujuy, Catamarca, La Rioja, San Juan, Mendoza, San Luis, and Cordoba.

Commentator Views Upcoming Cavallo-Menem 'Divorce'

PY1909221695 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1719 GMT 16 Sep 95

[Special article for NOTICIAS ARGENTINAS, by Eugenio Paillet]

[FBIS Translated Text] Buenos Aires, 16 Sep (NA) — Impeccable Government House sources maintain that President Carlos Menem and Economy Minister Domingo Cavallo have taken their relationship very close to the point of no return. Apart from the two groups — those who want the minister out and those who want him to stay — it is admitted that recent verbal exchanges between the two men show a slow divorce is occurring within the marriage of convenience that united them 5 years ago. Sooner or later the rupture will become inexorable. The only differences now concern the schedules of the two sides regarding the timing.

Government observers stress that the latest statements of the president in defense of the honesty of businessman Alfredo Yabran were in no way unplanned. Neither were the manner and the tenses used. An "old fox" of politics like Menem, they argue, weighs each sentence he says in public — and the consequences.

They also serve to prove that Cavallo has decided to leave the government, and when he does finally decide to resign it will be with sufficient political clout to undertake the race for the presidency within 4 and a half years. This is why he countered, using his very small knowledge of diplomacy, each of the president's statements. One such case involves the public defense upon which Menem sallied forth in favor of Yabran, which Cavallo answered without measuring the consequences: "Menem did not have enough information and that is why he continued meeting with him," Cavallo said. One source on the first floor of Government House commented: "That is incredible; he is saying the president is naive."

As things stand the government's political wing, which is headed by Eduardo Bauza, Raul Granillo Ocampo, and Jorge Matzkin, just to mention the visible heads, has begun a new offensive against the minister's positions that goes further than the worn-out public ratifications that Menem was forced to use this week to dampen media curiosity in view of the concern of the markets.

At this point, the sources consulted stress that on one hand Menem supports him, yet the president "deep down" is letting his political men do their task with the knowledge of one certainty: Both the businessmen and the bankers with whom he met this week without Cavallo have guaranteed there will be no tremors nor serious turbulence if a "peaceful resignation" is submitted by the minister. This, of course, excludes the "natural" movement of men and structures that the change will generate.

It is well known that Bauza and Kohan were then charged with assuring bankers and businessmen that Cavallo's beheading is irreversible and that, in accordance with the strategy being employed, the beheading will occur around 10 December. They say they want to take advantage of the changes that will take place in Congress when, for example, 42 deputies who answer to Eduardo Duhalde will take their seats. Duhalde does not want Cavallo as a competitor in 1999. Menem is thus planning an "oxygenation" for his cabinet beyond the three new ministries that will be incorporated as part of the reform of the ministries.

Cavallo's supporters in Government House have said that if this is the case there will be progressive chaos, a lack of confidence in the markets, recession, and backward steps at all levels that will lead to a crisis that will be even worse than the Mexican crisis. They also warn that a disorderly withdrawal of Cavallo from the cabinet will place Argentina's membership in the Mercosur [Common Market of the South] in danger.

They suggest that — if the Menem-Cavallo divorce is inexorable — it should not take place before the end of 1996. The minister's men who are working with this hypothesis say the idea is to capitalize on an economic reactivation that will be noticed toward the end of 1995. They are enthusiastic over the support the IMF authorities have given their chief, which will be made public during the organization's annual meeting in October in New York.

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If these schedules are kept, Cavallo can prepare his presidential campaign as of the start of 1997. Obviously, it is being estimated that the axis of that campaign will be the option between economic modernism or a return to the Peronist sources that lie just under the surface of Governor Duhalde's proposal.

Bolivia

Finance Minister Discusses Poverty, Privatization, Debt

PY2009035995 Madrid EFE in Spanish
1714 GMT 18 Sep 95

[FBIS Translated Text] La Paz, 18 Sep (EFE) — Bolivian Finance Minister Fernando Candia told EFE in La Paz today that Bolivia may accomplish an economic and social transformation in 20 years through an adroit management of its external debt, a new social security system, and an equitable income distribution, something which is unprecedented in Latin America.

Candia visited EFE in La Paz today to participate in a working breakfast in which he voiced optimism about Bolivia's economic and social future.

If the current government plan is pursued under the best of conditions, Bolivia will be able to overcome the grinding poverty in which most of its population lives "within one generation," that is to say, in 20 years.

The finance minister explained that emulating the model of any of the countries of the region would be "a cardinal mistake" because the common problem they all face is poor income distribution.

Candia asserted that "rather than increasing our per capita GDP ($850), what we need is to distribute it in an equitable manner."

According to Candia, achieving half of Argentina's per capita GDP ($7,000) but better distributed is, in proportion, a reasonable goal for Bolivia.

Nevertheless, the finance minister asserted that Bolivia is already in a position to overcome, in three or four years, some of its most negative social indicators, like those pertaining to infant mortality and life expectancy.

Candia said that the total amount of Bolivia's external debt — some $4.500 billion — is not very significant compared to that of the other countries of the region and to Bolivia's resources.

He recalled that eight years ago, the public external debt represented 120-130 percent of Bolivia's GDP, whereas at present it only represents 80 percent of GDP.

The minister further explained that a considerable part of that debt has been contracted by the five major government-owned enterprises which are in the midst of a privatization process. The new partners will assume the debts incurred by these companies once this privatization is concluded.

These companies are: National Electricity Enterprise (ENDE), which was recently privatized; National Telecommunications Enterprise (Entel); Bolivian Government Oil Deposits (YPFB); National Railway Enterprise (Enfe); and Vinto Metallurgical Enterprise (EMV).

The finance minister explained that once these companies are privatized, Bolivia's external debt will be sharply reduced and the country will increase its borrowing capacity.

Candia also commented on the social security system in Bolivia, which is aimed at perfecting the Chilean and Peruvian models of private administration of pension funds.

The finance minister stated that "the stumbling blocks the Chilean and Peruvian systems faced will help Bolivia to avoid falling into the same mistakes" and create a system for the private administration of pension funds with very little risk for workers.

Candia went on to say that the current social security system in Bolivia "is broken" because, among other reasons, it establishes a ratio of 20 wages for only one old-age pension.

He told EFE that the Bolivian government plans to restore the soundness of the financial system through, in particular, regulations that prevent abuses in the so-called tied loans, i.e., those used by the owners or shareholders of a bank.

The finance minister seemed unconcerned about the black market economy, which is still prevalent in Bolivia, saying that it rather "facilitates things."

Candia was of the opinion that previous administrations exaggerated the impact of drug trafficking on the Bolivian economy because they were interested in "passing the hat around" the international community as a sort of "blackmail" to secure funds.

Candia said that drug trafficking secures for Bolivia $100-150 million in annual profits, which represents between 10 and 15 percent of Bolivian annual exports with an added value of 2 percent.

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Country to Accept 'Small Number' of Bosnian Families

PY1909215195 Cochabamba LOS TIEMPOS in Spanish 14 Sep 95 p A2

[FBIS Translated Text] La Paz, 13 Sep (LOS TIEMPOS) — Foreign Minister Antonio Aranibar Quiroga confirmed today that various state institutions are working in coordination to receive a determined number of Bosnian refugee families.

"Bolivia has expressed its willingness to receive a determined number of refugees from that region, which is suffering such a great tragedy," the foreign minister said.

Aranibar indicated that the exact number of families that the country will receive has not yet been determined, but an inter-institutional commission, which includes the foreign ministry, the migrations under secretariat, the Armed Forces, and others, has been charged with the task.

"The commission is viewing the feasibility of implementing the program, said the foreign minister, who did not want to give a detailed explanation on the topic.

Moreover, responsible Foreign Ministry sources have indicated that the UN High Commissioner for Refugees [UNHCR] is planning to "distribute" between 120 and 150 refugee families from Bosnia among several Latin American countries.

This important decision, that of accepting the Bosnian refugees, was adopted during a recent meeting that the UNHCR held in Buenos Aires. As a member of the UNHCR, Bolivia, for humanitarian reasons, has decided to accept a "small number of Bosnian families that are fleeing from the ethnic cleansing that the Serbs are practicing in that convulsive region of the Balkans."

Brazil

Brazilian President Views Reaction to Visit

PY1809122895 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 15 Sep 95

[Passages within quotation marks are recorded]

[FBIS Translated Text] President Fernando Henrique Cardoso, in an interview, has thanked Belgian and EU authorities for their positive reception.

[Cardoso] "Although I have been here for a very short time, for only two days, it has been possible to hold talks at various levels, including the highest levels. It has also been enough to realize that, side by side with the decisions being adopted at the EC level, officials here are attaching great value to relations with the Common Market of the South, Mercosur. I can also sense a concern that is not unique to the EC but could also be strongly felt during my talks with Belgian officials; it refers to the need to achieve perfect coordination at the international level for all economic and political activities."

Cardoso said Belgian entrepreneurs have admitted that Brazil has been able to control its inflation.

[Cardoso] "In addition, we are also happy to see that in the contacts we have made — particularly with entrepreneurs and during the dinner we had with the Belgian prime minister and members of Belgian society — they have attached great importance to the fact that Brazil has been able to control its inflation rate and maintain the country's economic growth. We value very much their plans to intensify relations with Brazil."

In Cardoso's opinion, Brazil is not only experiencing a process of economic growth, but also of recovering its self-esteem.

[Cardoso] "We are in a phase of economic growth, but also of recovering our self-esteem. We can see that the country now is in a position to dialogue with several international groups. This has already been proved in Latin America and the United States. We can now see that the same is occurring here in Europe, with a similar force and vigor. All this stimulates us to continue working in Brazil with modesty and perseverance to improve the country's situation."

President Cardoso will begin his visit to Germany on 18 September.

Central Bank Releases Funds To Counter Credibility Crisis

PY1909172195 Sao Paulo AGENCIA ESTADO in Portuguese 2126 GMT 18 Sep 95

[Report by Alberto Fernandes]

[FBIS Translated Text] Brasilia, 18 Sep (AE) — The Central Bank [BC] has pumped 3.428 billion reals [R] into the financial market to support it in light of the credibility crisis brought about by the intervention of the Economico Bank. The funds were released between 12 and 15 September through a repurchasing of the public debt. To repurchase the debt (treasury notes and bonds, and BC bonds) the BC printed money, increasing the quantity of money in the economy. This measure opposes one of the foundations of the Real Plan, according to which inflation should be kept under control by restricting the amount of money in the economy.

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It was the largest currency purchase in a single week since the third week of April 1995, when the BC pumped practically the same amount — R3.458 billion — into the economy. However, the dollar outflow of that month partially compensated for the increased amount of reals into the economy. The current arrival of foreign capital in Brazil, however, has aggravated the situation.

The BC decision was made because the credibility crisis caused by the intervention of the Economico Bank remains unchanged. The government fears that the financial system might go broke over this situation. One day after the intervention, banks reduced the number of their partners by an average 20 percent, that is, the banks that are considered less safe stopped receiving loans. For this reason, some banks might find it difficult to find financing.

The credibility crisis is measured by the number of loan contracts between banks, which dropped from 1,080 on 11 August, when the BC ordered the intervention of the Economico Bank, to 867 on 14 August. The National Association of Open Market Institutions (Andima) stated on 15 September that, despite government efforts, the situation remained unchanged with 857 interbank contracts.

Andima General Superintendent Paulo Eduardo Sampaio de Souza says: "Banks will return to normal after new developments, like the creation of an insurance for deposits, or the implementation of a solution for the Economico Bank."

Also with the objective of alleviating the bank crisis, the government recently partially released compulsory deposits at the BC. Paulo Sampaio said that the measures brought relief to banks, but were not sufficient to reduce the distrust within the market.

Proposal Made To Purchase Bank Under Intervention

PY1909135495 Sao Paulo AGENCIA ESTADO in Portuguese 2821 GMT 18 Sep 95

[By Vania Cristino]

[FBIS Translated Text] Brasilia, 18 Sep (AE) — Claudio Mauch, director of the Central Bank [BC] Department of Standards, today confirmed that the BC has received the first formal proposal for purchasing a bank under intervention. It is the Trapezio Group, a holding that controls the Banco Rural and that wants to buy Pernambuco's Mercantil Bank. Mauch declined to give details of the proposal, noting only that it was recently submitted and that the BC is studying it.

The BC director said that the BC continues to search for a solution for all banks under intervention or under special temporary management. Mauch confirmed that many parties are interested in the Economico Bank, but that no formal offer has as yet been submitted to the BC. Among those interested in buying the Economico Bank are the Monteiro Aranha Group, the Interatlantico Bank, pension funds, and state-run enterprises.

Today, a group of approximately 300 Economico Bank employees will arrive in Brasilia. They will pressure the government to find a rapid solution to put the Bahia Bank back to work. The employees will demonstrate at the ministries' esplanade, they will visit Congress in search for political support to save the bank, and they will meet with acting President Marco Maciel.

Difficulties With Approval of Patents Bill Viewed

PY1909182395 Sao Paulo AGENCIA ESTADO in Portuguese 2213 GMT 18 Sep 95

[Report by Christiane Samarco]

[FBIS Translated Text] Brasilia, 18 Sep (AE) — The vote on the Patents Rights bill in the Senate economy committee tomorrow will test the prestige of President Fernando Henrique Cardoso among the government party leaders. During a meeting with government party leaders a few hours before boarding his plane for Europe last week, President Cardoso asked them to have the bill approved by the economy committee by 22 September so he can announce the result while he is in Europe. In spite of the 130 points that they asked to be voted separately from the bill, economy committee members believe it is possible to conclude the process by 22 September, as long as party leaders agree.

However, the difficulties facing the administration have increased since the departure of President Cardoso. The vote will not be slowed because of controversial contents of the bill, but it will suffer from the effects of the relationship crisis between the presidency and the government leaders in Congress. The poor state of relations became evident when Cardoso himself scolded Senator Sergio Machado, PSDB-CE [Brazilian Social Democracy Party-Ceara] PSDB leader in the Senate and, at the same time, suspended negotiations being carried out by Senator Elcio Alvares, of Espirito Santo, the government leader in the Senate.

Planalto Palace became irritated over the amendment presented by Machado to the alternate bill of Senator Fernando Bezerra (PMDB-RN) [Brazilian Democratic Movement Party-Rio Grande do Norte], rapporteur of the patents rights bill in the economy committee. Cardoso suggested that Machado should give up either the amendment or his position as leader so as not to hinder the government, which supports Bezerra's alternate bill.

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"The problem is that we received no warning," Elcio Alvares complained after having approved, on behalf of the administration, a bill presented by Senator Suassuna's (PMDB-PB) [Paraiba] rapporteur of the patents rights bill in the Constitution and Justice Committee [CCJ]. Machado added: "We needed to talk first; if we had to shift position we should have discussed the issue first."

The result was that Fernando Bezerra had to agree with PSDB [Brazilian Social Democracy Party] senators who had fallen in with Machado. Bezerra then added to his alternate bill the Machado amendment, which created the confusion. Suassuna now insists that the proposal must return to the CCJ to evaluate the constitutionality of the changes.

Even if Suassuna does not accomplish his objective, events like the death of Paraiba Governor Antonio Mariz (PMDB) also conspire against the government. Mariz was the first rapporteur of the patents rights bill in the Senate and author of the first report on the subject. Now, in homage to him, his colleagues plan to extensively refer to his work. This is just one more difficulty for an administration that is in a hurry.

Communications Minister Motta Suffers Heart Attack

PY1909140495 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 19 Sep 95

[FBIS Translated Text] The condition of Communications Minister Sergio Motta is good. He is in the intensive care unit of the Albert Einstein Hospital, southern Sao Paulo.

Motta yesterday suffered a heart attack with obstruction to the right coronary artery. According to the medical team attending to him, Motta is well and conscious. Planning Minister Jose Serra visited him yesterday.

Latin America's Largest Television Network Formed

PY1909174395 Sao Paulo AGENCIA ESTADO in Portuguese 2235 GMT 18 Sep 95

[Report by Costabile Nicoletta]

[FBIS Translated Text] Sao Paulo, 18 Sep (AE) — GLOBO and News Corporation, which is owned by communications magnate Rupert Murdoch, will invest $500 million each to form the largest segmented television network [maior rede de televisao segmentada] in Latin America, with programs transmitted via satellite as of March 1996.

Roberto Irineu Marinho, executive vice president of GLOBO, said that 40 channels will be utilized during the first two years of the project, although the idea is to have 150 stations — paid and open stations — with station—produced programs and also bought-in programs. They will be entertainment and news reporting channels.

Murdoch said the partnership with GLOBO might be expanded to other Latin American countries, with local investors' participation. "The economy in this continent is very dynamic," he said, adding that "its potential for growth is finally emerging."

Marinho and Murdoch informed those attending the fourth Latin American Advertisement Congress, at the Transamerica Hotel in Sao Paulo, that enterprises will have a platform for transmitting their advertisements to regions they never imagined they could reach.

Marinho said that GLOBO/News Corporation programs, which will be transmitted through the DTH [Direct-to-Home] system via the KU band (reception directly from the satellite via a 70-cm diameter parabolic antenna and a decoder), will be similar to the programs now being transmitted through cable television, to which GLOBO expects to have 650,000 subscribers by the end of 1995, with sales worth $240 million.

The cable television market is expected to have six million subscribers in 2005 in Brazil. Marinho believes, however, that this figure will be accomplished before 2005, without affecting open stations. In this sector, GLOBO's sales reached $1.1 billion in 1994, and are expected to reach $1.3 billion in 1995.

The equipment for receiving satellite signals costs approximately $800 in the United States. Marinho said he is trying to encourage Brazilian suppliers to reduce this price.

Embratel Negotiating Launch of New Satellite

PY1909210495 Sao Paulo AGENCIA ESTADO in Portuguese 1939 GMT 17 Sep 95

[FBIS Translated Text] Brasilia, 17 Sep (AE) — The Brazilian Telecommunications Company (Embratel) is negotiating with the Intelsat international consortium the launching of another geostationary satellite over Brazil. Embratel operational director Luiz Perroni has told AGENCIA ESTADO that the new satellite will have 10 transponders (the part that retransmits signals) for the KU band, which is used for DTH (Direct-to-Home) television signals or satellite cable television.

Embratel has made this decision in light of the "appetite" of Globo Organizations, which through a joint venture with News Corporation has already leased 11 of the 14 transponders of the Intelsat-707 satellite, which will be

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launched in November and will start operating at the beginning of 1996. Embratel has leased two transponders, while a third one was leased by a consortium of Ecuadoran and Venezuelan enterprises to operate in that region.

"We are trying to take early action to meet the demand," Perroni said. Despite having already leased most of the Intelsat-707 satellite, Globo Organizations has already made a proposal to Embratel to lease the two transponders under its control. The deal has not yet been closed because there are also other candidates. Market specialists have said that Globo Organizations wants to take a strategic step on the market of satellite signal television.

To receive the images, consumers will have to buy a 60-cm diameter parabolic antenna, which can be deployed in apartment windows. When directed toward the satellite, the antenna receives all transmissions sent by the satellite. If the transmissions come from more than one cable television enterprise, they can also be received, a technician has said. However, if Globo Organizations leases all Intelsat-707 transponders, other enterprises will be unable to send signals through this satellite.

Embratel today has three Intelsat-705 transponders for interested parties, along with the possibility of leasing two others. Perroni said that this availability can permit transmission of approximately 20 channels. By renting the Intelsat-707, Globo Organizations and the partnership with News Corporation can transmit up to 70 channels. The KU band has the highest demand on the international market because of the higher transmission quality.

In Brazil, however, no one is yet using this band, despite the availability at Intelsat satellites. The name of the first enterprise that has already negotiated with Embratel and that is waiting for transmission and reception equipment to be installed on the ground will be made known in October. It will be a corporate network that can meet the demands of clients and industry suppliers.

However, the domination of Globo Organizations over the Intelsat-707 satellite, however, does not guarantee that the enterprise will be selling its services in 1996. Communications Minister Sergio Motta is preparing new regulations for the use of satellites. The new rules, which are on the final stage of preparation, provide for creation of a new satellite communications public service, which may be operated by the private sector through a concession. Current concession rules establish the bidding system for selecting the winner.

The rules clarify a doubt that has prevailed on the market. Even government technicians say that Resolution 230 of the Ministry, which is in force, permits any enterprise to freely use satellites without having to request federal authorization, provided they are "authorized" satellites. Authorized satellites are the Intelsats, the satellites launched by an international consortium of which Embratel is a member, and the Brasilsats.

PT To Promote Land Occupation To Speed Up Land Reform

PY1909042095 Sao Paulo AGENCIA ESTADO in Portuguese 2201 GMT 15 Sep 95

[By Vannildo Mendes]

[FBIS Translated Text] Brasilia, 15 Sep (AE) — Former PT [Workers Party] President Luiz Inacio Lula da Silva on 15 September said the party intends to more effectively engage in land occupation movements, as a strategy to force the government to implement land reform. Lula does not believe that President Fernando Henrique Cardoso has the political will to resolve land problems, and that landless people will attain their objective only if they exert strong pressure. "Those movements create violence, but they are, unfortunately, the only way to make the government get to work," he said.

According to the PT leader, the few settlements made by the government were prompted by land occupation and workers' pressure. In Lula's opinion, the feudal mentality of the government has made Brazil the last country in the world to implement land reform. He said that if the president had actually wanted to settle landless workers, as he promised during his campaign and as he is promising to the international community, he would not have designated a landowner to the Agiculture ministry. He was referring to Jose Eduardo Andrade Vieira. "It is the same as assigning a rabbit to watch the Swiss cheese," he said.

Lula said, however, that land occupation movements must be peaceful and in areas that are not being used for social purposes. "Workers are politically convinced that they should not invade productive land," he explained. "Now, a landowner will not prove that his land is productive with half a dozen thin cows full of ticks and a cuckoo to eat the ticks."

Lula, who headed the demonstrations staged in Brasilia on the day of struggle for land reform, said that justice in rural areas is not an objective of landless people alone. He urged students, metalworkers, housewives, and workers in general to support the cause. "Each settled worker means more food for eveyone and one less have-not in the city," he said. Lula criticized the governors' uncontrolled race to attract automobile

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manufacturers' investment. "It is better to have a decent country without big industries," he said.

Lula criticized the government's economic program, ironically referring to the image — namely, that Brazil preserves human rights — that President Cardoso is trying to build during his tour of Europe. In Lula's opinion, the president will be able to boast if he promotes the distribution of income, a policy of employment, and land reform. "There are no human rights for hungry, jobless people." He noted that the Community in Solidarity Program is bound to fail because the government is not collectively committed to social justice.

"It is useless for Mrs. Ruth (Ruth Cardoso, the first lady), whom I hold in high regard, to promise to do this or that, while the finance minister is sitting on the coffers and releases no money." Lula said that the Brazilian middle class is also a victim of the current economic policy, like in previous administrations. He added that the president should "leave the floor," and instead of continuing to make speeches, he should start governing and fulfilling his campaign promises.

Lula noted that during the campaign, Cardoso promised to settle 800,000 landless workers over a four-year period, with annual investments of 1 billion reals [R]. This year, however, only R32 million (3 percent of the total) was spent, settling less than 20,000 people. The PT program provided for settlement of 3 million workers.

Official: Land Reform Will Not Come Through Pressure

PY1909121695 Sao Paulo AGENCIA ESTADO in Portuguese 1847 GMT 16 Sep 95

[By Raul Pilati]

[FBIS Translated Text] Brasilia, 16 Sep (AE) — Justice Minister Nelson Jobim today replied to a statement by PT [Workers Party] President Luiz Inacio Lula da Silva, who advocated land occupation to pressure the government to carry out land reform. Lula said that "those movements create violence, but they are, unfortunately, the only way to make the government get to work." "Those who advocate this (land occupation) do not want land reform but conflict," Jobim said, giving assurances that the government will not yield to this type of action.

In the opinion of the minister, there are political interests behind land occupation in Brazil. "There is political exploitation," Jobim said today, after installing Marcio Santilli, the president of the National Indian Foundation (Funai). The minister emphasized that the government will not bow to this type of action. "We do not want to make land reform the basis of conflict," he said. Lula, who mentioned recent land occupations by landless workers, said that "the few settlements" made by the government were prompted by land occupation and workers' pressure.

Jobim emphasized that the government is trying to distinguish the "political" conflicts from those that reflect landless people's needs. Officials from the ministries of justice and agriculture will meet in order to make these distinctions. "We will distinguish actual needs from political conflicts," he said.

Peacekeeping Force Leaves for Angola

PY1909204795 Rio de Janeiro Rede Globo Television in Portuguese 1600 GMT 19 Sep 95

[FBIS Translated Excerpt] Brazilian soldiers today left for Angola, Africa. At the port of Recife, beside songs and speeches, there was a lump in the throat at the time of saying good-bye.

The 220 soldiers going to Angola to join the United Nations peacekeeping force arrived early at the port of Recife. They have been trained to join the international troops that will try to maintain the current truce in the Angolan civil war.

The 220 men are part of a 1,100-man battalion that Brazil will have sent to Angola by October.

Relatives of the soldiers waited expectantly to observe the ceremony, which was headed by Acting President Marco Maciel and Army Minister Zenildo Lucena.

The most moving moment came when soldiers were authorized to say farewell to their relatives. They embraced each other and cried. Even though it is a peace mission, there are always risks. That is why the farewell reflected the apprehension of those who stay. [passage omitted]

After the embraces, the soldiers began to board the Duque de Caxias ship.

This is the largest Brazilian mission of soldiers sent abroad since World War II. The Atlantic crossing will take 14 days. The mission is going to the city of Lobito. [passage omitted]

Colombia

DANE Director Gives 1st Semester Economic Report

PA1909150495 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 18 Sep 95

[Telephone interview with Maria Luisa Chiappe, director of the National Administrative Department of Statistics, DANE, by unidentified station reporter in Santa

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Fe de Bogota; from "Caracol's 0600 to 0900" newscast; date not given —live or recorded]

[FBIS Translated Text] [Reporter] Dr. Chiappe, do you have the data included in the semester position report prepared by the National Administrative Department of Statistics [DANE]?

[Chiappe] Yes, of course. We have a position report that shows the economy continues to grow at a healthy rate. The unemployment rate, as I had previously told you, stands at 9.2 percent and continues its downward trend. Industry is growing at a 4.2 percent rate. This is a very healthy increase, especially if you compare it to the rest of the Latin American countries.

Commerce is growing at a rate of 3.4 percent. Based on the movement of cement shipments we estimate that construction is growing at a rate of 3.6 percent. This figure indicates that the construction sector's fast pace in the past years has started to slow down, however, the sector still continues to grow positively. We also have agriculture data, provided by the National Planning Department of the Agriculture Ministry, that estimates this sector has had a 4.6 percent increase.

[Reporter] Do you have the GNP figures?

[Chiappe] Well, the planning department has estimated that the GNP for the semester is 5.4 percent. I would highlight that according to ECLA [Economic Commission for Latin America], we are not at any of the Latin American extremes. We are neither growing more than 7 percent as is the case with Chile and Peru, which are totally exceptional cases, nor do we have a very weak or negative growth, such as with Argentina, Mexico, Venezuela, and Uruguay. We are at an intermediate level and one that is nonetheless very healthy.

[Reporter] In comparison with indicators for industry, commerce, construction, agriculture during the second semester of last year? Dr. Chiappe, do you have comparative information?

[Chiappe] To compare this information with the one corresponding to the last semester of last year we have to view the current economic situation. We are coming from an economy with an unbalanced growth in its sectors. During the past years, growth has been stronger in sectors such as services, construction, finance, and commerce, which were the ones that triggered our economic growth. However, other sectors, for example, industry and agriculture, have had somewhat of a decline. We are in a transition period. We have to understand this very clearly. We are looking for a more balanced growth and less inflation. The rates of the sectors that I have emphasized will lead us in this direction.

[Reporter] What about foreign commerce? There are several noteworthy differences between the official figures and the ones given by [word indistinct] sectors.

[Chiappe] In regards to foreign commerce, I would perhaps emphasize that our exports have increased more than our imports. This is something that had not happened in many years. So, the current accounts deficit, which had been progressively increasing, is now decreasing with the increase of our exports.

[Reporter] How much did exports grow?

[Chiappe] Traditional exports increased 52 percent and non-traditional exports increased 23.4 percent.

[Reporter] Exports?

[Chiappe] This are very good. If one subtracts the emeralds from the non-traditional exports, we have a 16.6-percent increase. In this sector, I would highlight the increase in exports of several non-traditional sectors. For example, our exports to the Andean Group, Mercosur [Common Market of the South], and Chile of plastic material and manufactures that grew 53 percent, flowers grew 11 percent, and exports of sugar and candies grew 56 percent. However, we also have to highlight that our exports of fruits, especially due to the banana situation, decreased.

[Reporter] What about imports?

[Chiappe] Our imports, as I had told you, are growing less than our exports. This is a situation that had not occurred in many years. Our main buyers continue to be the United States, Venezuela, Japan, and Canada. Perhaps, I would underscore that more than 80 percent of the growth of our exports is due to... [pauses] excuse me, our imports is for capital goods and raw material, to be used especially by the manufacturing industry.

[Reporter] Dr. Maria Luis Chiappe, workers did not believe the unemployment figures reported by the DANE. How do you explain that the rate of unemployment is lower when the economy is slackening?

[Chiappe] This can happen for a number of reasons. First of all, our growth, as I told you, continues to be healthy and very significant in several sectors. That is to say, it is very good for the manufacturing industry to continue to grow 4 percent. In addition, we are also growing in the mining, oil, and transportation sectors at much higher rates than the ones I have given you for other sectors. On the other hand, there has been a slight decrease in the rate of participation despite the fact that a significant amount of people have entered the work force. More than 100,000 entered the work force this past year and jobs continue to be generated. Thus, this

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situation that unemployment rates decrease in periods when the economy slows down occurs often. This is not strange. It has happened before.

Apartado Mayor To Hold Peace Talks With Illegal Groups

PA1709171295 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0130 GMT 17 Sep 95

[From the "AM/PM Newscast"]

[FBIS Translated Text] In Uraba, the population is insisting on holding talks that will lead to peace. The initiative was made by the mayor of Apartado 48 hours ago.

Following one of the bloodiest years in Uraba, a Verification Commission has concluded that not only did three guerrilla and two paramilitary groups perpetrate acts of barbarism there, but so did the state forces.

In light of the growing wave of bloodshed, this week the mayor of Apartado announced to the government that, with or without its approval, she will hold talks with illegal groups to try to stop the killings.

[Begin Mayor Gloria Cuartas recording, broadcast in progress] ...and to support the need of Apartado to make these contacts and, second, to establish in terms of the humanization of the conflict what would be the fundamental objective of the talks. We are not talking about how many meetings or when they will be held. We must begin to generate national awareness about this problem. [end recording]

The Verification Commission also indicated in a report that the Colombian State is guilty for not complying with its duty regarding the protection of Uraba residents.

[Begin Attorney General Orlando Vasquez recording] We understand the anxiety and concern of people's representatives in the different towns. But it must also be understood that this process must be carried out within the framework of the social and democratic state of law, which has established that the national government and the president of the Republic have the constitutional duty to handle public order. [end recording]

But yesterday and despite the concern of local officials, like the mayor of Apartado, the central government disavowed regional peace talks. Nevertheless, the mayor has great support from sectors affected by rampant violence in the area in light of the central government's indifference.

[Begin banana grower Andres Restrepo recording] I undoubtedly support the initiative of the mayor of Apartado. [words indistinct] elected by all sectors, political players of the region. In addition, she is supported by other mayors from the area, which gives her backing. This is obviously a national experiment, which can obviously not be carried out against general policies.

But at the same time, the government must view the experiment in Uraba as a pilot project, which it should oversee and we will all oversee to give it greater guarantees. [end recording]

ANDI Leader on Effect of Political Crisis on Economy

95CA0381A Santa Fe de Bogota EL TIEMPO in Spanish 3 Sep 95 p 4C

[Interview with Carlos Arturo Angel Arango, president of the National Association of Industrialists [ANDI], by Luis Alberto Lopera R., economics editor of EL TIEMPO; date and place not given; first four paragraphs are EL TIEMPO introduction]

[FBIS Translated Excerpt] The Colombian economy is sound. Domestic and foreign analysts agree on this diagnosis. But if the uncertainty that the political crisis has created persists, it could eventually hurt the economy.

The president of the National Association of Industrialists [ANDI], Carlos Arturo Angel Arango, feels that the country has to be told clearly before year's end about the political mess that has been caused by the alleged financing of the election campaign with drug money. He thinks that if we begin 1996 amid the same uncertainty, the economy could be hurt more than people think.

To Angel Arango it makes no sense to tell the country that nothing is happening in the economic arena here, as several ministers have contended. As a labor leader, he has seen for himself that many Colombian and foreign businessmen are nervous and are thinking twice about making any investment move.

In an interview with EL TIEMPO, the ANDI president analyzes the political situation and the violence that the country is experiencing and reveals that the meeting of businessmen that President Ernesto Samper organized at Narino Palace last 6 August left a "very bad taste" in his mouth.

[Lopera] How serious is the situation in the country?

[Angel Arango] I see it as very serious. I don't think that we have ever had a more critical moment, at least as far as I know.

A number of very powerful dark forces are assaulting the country's stability: drug trafficking, which is the

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biggest problem, and subversion, which I frankly do not believe in at all. I have been among the softest on the subversives because I used to think that there was something romantic and sentimental about them, but now they are demonstrating the opposite characteristics.

One cannot massacre civilians, which they have been doing. One cannot attack the forces of law and order, wipe out entire towns, kidnap, extort, kill, and engage in drug trafficking, in the name of a new country.

Besides this, the grotesque spectacle that several political leaders have put on does not make for confidence in our political institutions.

[Lopera] What spectacles are you talking about?

[Angel Arango] A new accusation takes us by surprise every day. Every day more and more political leaders are linked to criminal trials, charges, etc. This is not healthy.

Fortunately, the most recent debates in Congress show that many of them are still sensible, that there are good, high-quality people who can solve this problem.

[Lopera] In the wake of the most recent massacres and kidnappings, there are those who believe that there must be no dialogue with the guerrillas? Do you believe in dialogue?

[Angel Arango] I think that there must always be dialogue. I don't think that these fellows are going to call off their activities, because they are very lucrative. But we have to bear in mind that we must hold a dialogue with the guerrillas, not with thugs or criminals.

[Lopera] Several analysts feel that the economic situation is complex but that once the political problem is solved, the economy will emerge stronger. What is your opinion?

[Angel Arango] I share that opinion. Many businessmen have called me up because they are worried about the devaluation, and I've told them not to worry. I can almost guarantee that nothing is going to happen in that regard.

The Colombian economy is sound. The country has available an arsenal of international reserves that give it wide maneuvering room. There is such confidence in the country that even the rating of our foreign debt improved.

[Lopera] But the degree of skepticism, of nervousness seems to be rising by the day.

[Angel Arango] We're going to have difficulties. It's not going to be easy to get financing, because many investors both here and abroad are nervous. When the country gets into predicaments like this one, we have to realize clearly that we cannot emerge without a few bruises, that we're going to have complex scars.

For example, investment is clearly going to be hurt. The ministers can't come and tell me that nothing is happening. Businessmen are thinking twice before investing. This is why there is so much liquidity in the financial market, because people are keeping their money in cash.

[Lopera] Clearly, the longer uncertainty lasts, the worse the impact on the economy may be. This is why the Trade Union Council called for a quick solution. What absolute deadline would you give for the damage not to be too severe?

[Angel Arango] If we begin next year amid the mess that we are now in, the country is going to come out of it with some serious economic bruises.

[Lopera] Is this an appeal to the prosecutor to speed up the proceedings?

[Angel Arango] I can't badger the prosecutor. I respect his mission. But the problem does not exactly pertain to his office. The problem of the criminal investigation is one thing, and the political problem is another.

[Lopera] The bigger devaluation and other problems besetting the economy would lead one to believe that the administration ought to reconsider the goals that it set for itself. Do you think that the goals have to be revised? Can the inflation target be met?

[Angel Arango] We are going to come close to the target this year. I think it would be a major accomplishment if inflation remains below 20 percent.

The inflation issue is not going to be easy next year. Food is going to be a bit more expensive, because we are importing three million tons of foodstuffs, which is too much. With the devaluation, these imports are going to hit the family shopping basket hard. [passage omitted]

[Box, p 4C]

"The Meeting at the Palace Left a Very Bad Taste in My Mouth": Angel Arango

[Lopera] How did the meeting with employers and trade unions that took place in Narino Palace on 6 August come about?

[Angel Arango] The president invited me to a meeting to talk about a crusade against violence, two days after we issued a press release that we debated for seven hours at the National Trade Union Council and in which we set forth our position on the situation facing the country.

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Speaking before more than 100 employers and trade union leaders, the president described the need for a crusade against violence, and I was the first to raise my hand and say that any effort to tackle this problem was welcome. But I told him that I did not understand what our mission was to be.

The truth is that afterwards the discussion drifted towards the current political situation, until the proposal to sign a communique supporting the struggle against violence was put forth.

[Lopera] But it is my understanding that neither the meeting nor the communique was well received at the ANDI Board of Directors meeting that was held subsequently.

[Angel Arango] At the regular meeting of ANDI after the gathering at the palace I asked for a clear-cut stand. After telling them what had happened, there was a consensus that we have confidence in our institutions, that we respect the president of the republic as long as he is president and until he has been shown to have committed a crime or deceived the country in one way or another. All of this has yet to be proven.

It was made clear that we were not giving our unconditional support in any way. We believe that the president has a problem and that it is he who must solve it.

[Lopera] Some found it strange that after a communique like the Trade Union Council's, which called for a complete explanation, another would emerge from the meeting at the palace.

[Angel Arango] The fact is that the communique from the palace is a communique arising from circumstances that are very difficult to handle. You cannot expect something coherent, something that makes sense, to come out of a meeting among more than 100 people where everybody is voicing an opinion, where everybody is saying or doing something.

I don't think that it's good for the country to do this through meetings in which we can't talk frankly, can't discuss the concerns of businessmen.

It is no good having to adjust to something prefabricated and preconceived. This has happened often in this country, and it blurs the trade union position, blurs our responsibility as trade union presidents, and puts us in a very uncomfortable position.

As trade union leaders, we sound out the situation every day, we are trying to be honest in our position, and that is what we have been: clear, specific, and categorical. The first communique from the Trade Union Council showed as much.

When we can't reach a consensus, we say nothing. But it is hard to subject ourselves to the sort of melee in which our bosses, our leaders, our authorities, unexpectedly show up with a position that they had not previously brought up with us.

This was what happened that time, and it has happened on many other occasions. Suddenly they go looking for support and for stands that often cannot be reconciled with the interests of businessmen.

In recent days I have received many complaints from many of my constituents who do not agree with what we did that day in the palace.

[Lopera] Was that meeting useful in any way?

[Angel Arango] I don't think it was of any use. I personally, Carlos Arturo Angel, as president of the Trade Union Council, did not like it. The meeting left a bad taste in my mouth.

If the topic was the crusade, we should not have gone into other things. We should have listened to the president, period. But I don't think that it was healthy to bring up things there that get us into problems when the moment of truth arrives.

[Lopera] It is my understanding that at the ANDI board meeting some people called for support to be given to the president of the republic.

[Angel Arango] The issue was brought up. And the position is that personal support should not be given to the president of the republic under the current circumstances, that what we need to support are our institutions and the institution of the presidency.

[Lopera] What other positions were taken at the board meeting?

[Angel Arango] I asked them to answer three questions for me: What do they think about the political situation in the country and what stand should we take? What do they think about the issue of peace and have they agreed to my sitting on a commission that Monsignor Rubiano organized? And third, what do they think of the Social Pact?

Each of the 18 members of the board voiced an opinion, and we reached conclusions similar to the ones in the first communique from the Trade Union Council: Remain ready and willing to support our institutions, demand prompt justice, convict the guilty, acquit the innocent, and enable the country to put this predicament behind it.

As for taking part in the commission, the reply was no, because under current circumstances we don't think

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that we have much to contribute. Because decisions in peace negotiations with the subversives are up to the government exclusively.

And as for the third point, they gave their complete support to the Social Pact.

[Box, p 4C]

They Criticize Me Because I Do Not Shout

Carlos Arturo Angel is leaving after five years as president of ANDI. He is pleased with what he accomplished, but also has some regrets because he was unable to do everything that he wanted. And to do it his way.

"My term of office has been criticized for the lack of shouting, of bellowing," he said. He relates that in recent days he was talking with a friend about the matter and explained to him: "I do not roar, because you can see my fangs."

There is an explanation for these criticisms. His predecessor, Fabio Echeverri Correa—who served as president of the trade union for 17 years—had been a tough talker.

Carlos Arturo Angel says that he is leaving for one main reason. He lost the battle to transfer ANDI headquarters from Medellin to Bogota and was forced to make a difficult choice: the union presidency or his family. He chose the latter. Such are his priorities.

He says that the period in which he was in office was not easy. "Running these organizations has not been simple. Colombia is very disorderly in these respects, and one becomes the victim of such disorganization."

Although he intended to modernize ANDI and turn it into a broad-based union, he does not think that he succeeded, "because businessmen have not made the political decision to do so."

He is concerned that the trade unions have become partly bureaucratized and that businessmen think that the organization's bureaucratic officials are the ones who have to do everything, who are responsible for success or failure.

This is why he is calling on businessmen to devote more time to an analysis of the country's problems.

Angel hopes to leave before year's end, after the trade union assembly. Meanwhile, he is studying several proposals that he has received from the private sector.

Ecuador

Impeachment Proceedings for Vice President To Enter 'Recess'

PY2009003495 Quito Voz de los Andes in Spanish 2300 GMT 19 Sep 95

[FBIS Translated Text] The Ecuadoran Congress is turning its attention from the corruption charges against Vice President Alberto Dahik to Finance Minister Mauricio Pinto, who has also come under question.

Dahik's impeachment process will enter a recess period following the conclusion of impeachment proceedings by the special congressional commission.

The commission will hand in the evidence gathered, and Congress President Fabian Alarcon will have a minimum of five days to assess the information and set the date for the vice president's impeachment.

It has been stated that Dahik might be summoned by Congress in early October.

Former Minister Reportedly Negotiated Radio Purchase

PY2009035095 Quito Voz de los Andes in Spanish 1700 GMT 19 Sep 95

[FBIS Translated Excerpt] In view of a new statement on the purchase of a radio station with state funds, Vice President Alberto Dahik's impeachment process has taken a new turn. One of the witnesses for the journalist who disclosed plans to purchase a local Quito radio station with discretional funds testified today. He said former Foreign Minister Diego Parades conducted the negotiations regarding the purchase. The following is a report by Loira Carriel:

[Begin recording] [Carriel] In his testimony before the president of the Supreme Court and the attorney general, attorney Carlos Julian Prueba has refuted former Foreign Minister Diego Paredes. Prueba is a former presidential political adviser and one of the main witnesses in the case concerning the purchase of Radio Democracia by the vice presidency.

Prueba publicly acknowledged that Diego Paredes contracted his professional services to review the Radio Democracia sales contract in February, during the war with Peru. He added that Paredes subsequently introduced him to Radio Democracia reporter Gonzalo Rosero. Prueba stated that he was presidential political adviser until July 1995, and that it was in February that former Foreign Minister Diego Parades contracted him to negotiate the Radio Democracia sales contract. [passage omitted]

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Prueba stated that Paredes had contracted his professional services to draft the Radio Democracia sales contract. He added that the sales contract was never completed because neither Parades nor Rosero handed him the pertinent documents.

Moreover, reporter Gonzalo Rosero, the owner of Radio Democracia, said that Prueba told only half the truth and that important facts were not included in his testimony.

[Rosero] Being honest has no meaning in our society. As Ramiro Borja y Borja [not further identified] used to say: An innocent person is a threat when corruption grows and grows. I would like to inform Ecuadoreans that I have made a courageous contribution to my country and that I will continue to do so, but enough is enough. I do not feel guilty, and I should not be here among those who do. I am an honest man and I hold my head high, but this is not the proper manner to pose a question. Attorney Prueba told a half truth.

[Unidentified court official] What was missing?

[Rosero] There are many facts he overlooked. I already mentioned one of them, which is very important because this information would lead us to those responsible.

[Carriel] Pilar Nunez and Enrique Truano, both of whom are former members of Senacom [State Communications National Secretariat] are expected to testify on the Radio Democracia purchase case before the Supreme Court this afternoon. [end recording]

Rosero had testified that the purchase had been agreed upon for $225,000 and that he had received a check for $25,000 in advance signed by Gladys Merchan, Dahik's private secretary, who was entrusted with handling one of the discretionary funds. Moreover, former Foreign Minister Paredes denied Rosero's statement, which he described as an attempt to hurt his image. [passage on previously filed material omitted]

Leoro Says Journalists Loyal During War With Peru

PY1909182095 Madrid EFE in Spanish
2325 GMT 18 Sep 95

[FBIS Translated Text] Quito, 18 Sep (EFE) — Ecuadoran Foreign Minister Galo Leoro today said that during the war with Peru, which was waged from 26 January to 28 February, the Ecuadoran press behaved "loyally" without receiving any type of compensation.

Speaking to the local media, Leoro said: "The press cooperated loyally without any type of compensation."

Leoro added: "Absolutely nobody ever thought of doing such a thing and even less of going through with it."

Leoro said that he will request the Ecuadoran Embassy in the United States to conduct an investigation into the issue.

In so doing, Leoro denied reports published by the Peruvian newspaper EXPRESO which quoted U.S. Pentagon intelligence sources stating that the Ecuadoran government had reportedly paid about $500,000 to foreign and domestic journalists to win their support in the "psychological war" during the Ecuadoran-Peruvian war.

Defense Minister Jose Gallardo, and Victor Bayas, the chief of the Armed Forces Joint Staff, had already denied this report last week.

Bayas said that the report published by EXPRESO sought to justify the Peruvian "defeat."

Both the media and the journalists mentioned by the Lima newspaper have denied these charges.

The Ecuadoran journalists and media mentioned by EXPRESO are Lily P. de Arenas (Ecuavisa), Orlando Alcivas (El Universo), Simon Espinoza Cordero (Vistazo), Walter Spurrier (Analisis Semanal), and Antonio Molina (Meridiano), among others connected to the Ecuadoran military leadership.

Nebot Uncertain of Possible Opponent in Runoff Election

PY2009022095 Madrid EFE in Spanish
2206 GMT 19 Sep 95

[FBIS Translated Text] Quito, 19 Sep (EFE) — Eight months before the Ecuadoran general elections to succeed current conservative President Sixto Duran-Ballen, candidate Jaime Nebot — favorite in the polls, but without a majority — does not yet know who will be his opponent in the eventual and final runoff elections.

Nebot, of the Social Christian Party (PSC, rightwing), obtained 29.8 percent of the intended vote in an August poll, followed at a distance by Christian Democrat Rodrigo Paz (14.4 percent) and central-leftist Frank Vargas Pazzos (13.5 percent), two candidates more likely to dispute the runoff elections in June 1996.

The percentage that the polling company "Profiles of Opinion" ["Perfiles de Opinion"] grants to Nebot confirms that it will be very difficult for him to achieve the 50 percent necessary to prevent a runoff election.

It reflects, moreever, a declining trend as compared to the polls of November (37.7 percent), December (34.5 percent), March (32.3 percent), April (30.5 percent), May (30.6 percent), June (35 percent), and July (33.9 percent).

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This and other polls confirm Vargas Pazzos as the favorite candidate in Quito, while Nebot is the favorite in Guayaquil, the two most important and heavily populated cities in Ecuador.

Nebot was the representative of the executive branch in Guayaquil during the presidential term of his fellow party member Leon Febres- Cordero (1984-88), who is now the mayor of that heavily populated city.

During that presidential term, Vargas Pazzos, in turn, bitterly criticized Febres-Cordero, whom he accused of "dictatorially" exercising power and of allowing acts of corruption, which he has never proven.

Vargas Pazzos was then commander of the Ecuadoran Air Force (FAE) and chief of the Armed Forces Joint Command.

After Nebot, Paz, and Vargas Pazzos, the "Profiles of Opinion" polls of August mention Abdala Bucaram (8.4 percent); independents Ricardo Noboa (7.2 percent) and Jose Gallardo (4.6 percent); leftist Jose Castelo (1.3 percent); socialist Diego Delgado (0.6 percent); and another independent, Jacinto Velasquez (0.4 percent).

Editorial Report on EU Assistance for Refugee Indians

95P21067

[FBIS Editorial Report] The European Union, through its European Humanitarian Office (ECHO), has approved $585,000 in aid to the Indian population of Morona Santiago Province, which is still suffering effects of the Peru-Ecuador border conflict, reports the 5 September Quito EL COMERCIO. The project, entitled "Emergency Project for the Population Affected by the Condor War," is being planned and administered by the Italian ONG (nongovernmental organization) Cooperazione Internazionale (Coopi) after an agreement was signed in June with the Shuar-Achuar Federation and the Social Welfare Ministry.

From June to December 1995, 2,500 Indian families—17,000 people—in Morona Santiago will receive project assistance in the form of rice, sugar, oil, salt, oats, beans, sardines, linens, dining and kitchen utensils, stoves, and gas cylinders.

Project coordinator Luca Barbesi describes this project as purely emergency and short-term, emphasizing that it is not designed to solve the region's health or social problems. He concludes that the refugees' situation is not easy to describe, but that the nondeclared war between Ecuador and Peru only "worsened an already critical situation."

Regime's Economic Accomplishments, Failures Viewed

95SM0483A Quito EL COMERCIO in Spanish 10 Aug 95 p A7

[Unattributed article]

[FBIS Translated Excerpts]

Modernization Still a Burden

"To modernize" is to ensure that someone or something becomes modern, the dictionary of the Royal Academy of the Spanish Language says.

One of the central ideas in the government program of President Duran Ballen was to bring Ecuador into the modern era.

Three years later, doubts still remain. The efforts began with excellent prospects. On the economic front, a profound effort was made to sell its proposal, and it succeeded in the realm of juridical reform (modernization law, stock market, financial institutions...), although the structural reforms have not yet even been drafted at Carondelet. There are two parts to the assessment of the more than 1,000 days of this government's term of office.

One has indeed been completed. The financial modernization and economic stabilization provides proof of this. Analysts, bankers, domestic and international financiers and investors—all of them recognize what has been achieved in macroeconomic management.

"The first step in modernization is stabilization of the economy. Without fulfilling this requirement, nothing can be done," Mauricio Pinto, the former president of the National Modernization Council and now our minister of finance, has said.

The reforms implemented in the financial sector and the new legal framework developed around the system have created a structure that forms a solid base. The wartime clash last February put the financial and macroeconomic structure of the country to the test.

Upon examination, some results appear clear. There is a monetary reserve that is constant ($1.716 billion); the dollar has not exceeded the limits of exchange stabilization; and the system has not collapsed. Obviously, it was necessary to make adjustments in the macroeconomic program. If the modernization plan is regarded as including this front, the balance is acceptable.

The second part, the one the government lauded at the time it launched its plans, and also that which the opposition has condemned most violently, is that

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pertaining to the demonopolization of the state and the reduction of its size—in other words, structural reform.

To do this it was obviously necessary to try to promote some constitutional amendments. Progress was made, so that they took form; but they died before seeing the light. It is on this front that the government and its modernization plan has most frequently been blocked.

Some deputies admit this. For example, in the opinion of Andres Vallejo of the ID [Democratic Left], the governmental confusion between modernization and privatization has clouded the process of transformation the country needs.

The government could have made this conceptual framework clear on all levels, but it was unable to communicate either the goals or the pros and cons of the plan.

The opposition sectors—labor unions and even some business sectors—were able to spot this weakest flank, and they launched a message typical of their ideological conceptions, interests, positions, etc.

No precise count is available, but according to the opinion polls, there are similarities among those who want modernization and privatization and the group of those who oppose these measures.

The image created about those processes already undertaken—they are Emetel [Ecuadoran Telecommunications Enterprise], Ecuatoriana [Ecuatoriana de Aviacion], Oleoducto [expansion not given]—has been popularized. Ecuatoriana, for example, which is known to be one of the simplest privatizations, and not a strategic one, has been charged with juridical illegality, lack of clarity, etc.

This privatization, which would be the first, provides an example and a demonstration of how the government can develop these processes in the eyes of the investors, international bodies, and the whole of the country. Now Emetel is making preparations. The amendments to the Telecommunications Law were approved, but details about the process of selling the enterprise were lacking.

In the electrical energy sector, little has been done, and the same is the case with social security, since little progress has been made in effecting reforms here. The modernization process is moving the most slowly of all on this front.

No Shortage of Laws

Modernizing the laws that will make the state modern has without a doubt been the hardest task. Much has been done. How was it achieved? This is a matter of a totally different nature.

The strategic policy of the government has been urgently pressed, and the Congress has had to respond.

First came the Budget Law for the public sector, and then the measure that is the godfather of the entire government process—the Law on the Modernization of the State.

The progress made in the financial sector was strengthened by two important laws—that pertaining to the stock market and that governing the financial institutions.

Proceeding from there, the modernization laws have spread to other sectors. They include the Law Amending the Hydrocarbons Law, the Law Amending the Tax System Law, the Organic Customs Law, the Telecommunications Law, the Law Amending the Agrarian Development Law, and the Law Creating the Solidarity Fund. In short, there are some 14 of them. For the next government, the legal aspect is almost complete. [passage omitted]

One Step in Three Years Not Enough

The modernization process being pursued by the government is three years old today. And in evaluating it, one runs the risk of falling into the vicious circle of claims and denials.

The government will say that it has made considerable progress despite the adversities encountered and the unexpected events, especially the war with Peru, that have occurred. Its political opponents, on the other hand, may possibly encounter a path strewn with thorns. But the results—and this is what counts—are there to be seen.

With the approval of the new Telecommunications Law (7 August), the amendments to the Domestic Tax Code (8 August), and the changes in the Law on the Solidarity Fund (8 August), the government had in practice completed the circle of legal reforms within its reach. The fact that the entire financial and state sectors now have new juridical umbrellas cannot be ignored. And all that remains now are the reforms that will be most difficult to resolve, and which will certainly be referred to the popular consultation scheduled for next 19 November.

A review of the juridical map for the economic modernization and reform of the state reveals that the government has in these three years practically completed all its coordinates, and it is entitled to claim this as its own accomplishment. But it is burdened by three major problems, and they will doubtless plague it for the remainder of its term. First of all, it is true that all of the legal reforms making structural changes possible are in place, but they will have to be dealt with by a regime

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that has little time in which to do so. In other words, it is very probable [as published] that in only twelve months, the government can retrace the path it took 36 months to cover.

Secondly, the government is beginning the last year of its term of office with a very low level of political and moral credit. The charges and countercharges of corruption made in recent weeks are not simple matters. They have directly involved the man mainly responsible for the modernization process—the vice president of the Republic. This reality has been duly felt by the economic agents and the Ecuadoran stock market. The volume of shares traded in the past two weeks has declined for nine consecutive days.

Thirdly, there is the electoral theme. Any modernizing reform—including the future sale of Emetel—will be clouded by indications of a problem difficult to resolve: the political agreements needed to allow the process to advance.

After three years in office, Sixto's government has these three cards it will have to play if it is not to be left with nothing but the pronouncements of 10 August 1992. The path is a difficult one, because the government has only 12 months left in which to act.

Ecuadoran Privatization Underway

The privatization of the state enterprise Ecuadoran Aviation appears to be the only one that will be completed this year. The scheduled date is next Monday, 14 August. A total of 21,947 company stocks will be made available to investors in special stock market sessions. However, challenges of the procedure have delayed the sale. But the National Modernization Council is standing firm.

Emetel Making Preparations

The sale of the public telephone system, one of the companies that is most attractive to international investors, is also speeding up. Congressional approval of the Special Telecommunications Law authorizing its sale was the first step forward. A part of the sums collected will be used to reduce the fiscal deficit, although not all of the conditions in the privatization agreement are known as yet.

On the Agenda

1. The change in the social security system continues to be a subject of discussion. Proposals are put forth, and then reactions ensue. The only certain thing is that the social security provisions for the peasant population will be maintained.

2. The strategic areas have not yet been defined. This is another of the key points in the constitutional amendments. The discussion has become conceptual, and even ideological.

3. The expansion of the trans-Ecuadoran oil pipeline is obviously one of the major and most ardently argued concessions to be granted in the country. The process has been seriously challenged by the workers in the energy sector and the professional associations. The battle is between the two consortiums that are interested.

4. The government is insisting one thesis—to continue with its work. Very little has been done with regard to the electrical sector. Ecuador continues to depend on a single hydroelectric power plant for its development. There is a proposal on the agenda.

5. Public trade unionization is neither a hot nor a cold issue. According to the analysts, the changes made were only decorative, and in no way substantial. The workers' trade unions heavily influenced the decision.

6. The prospects for modernizing the public bodies appear to be quite distant. Last year there were other causes for busy activity—the electoral issues. Concerning telecommunications, only some progress was made, so that the task will remain for the next government.

Government's Trade Policy Analyzed

95SM0483B Quito EL COMERCIO in Spanish 10 Aug 95 p C4

[Article by Maria Sol Yepez M.: "A Negative Trade Balance"]

[FBIS Translated Text] The government has chosen the path of an open economy, integration, and competition on the international market. This is an old ploy for the Latin American countries, which began as early as the decade of the 1970s to reorganize their growth plans, abandon state protectionism, and embark upon the search for other markets with new products. Ecuador, although it brought up the end of the line, also climbed on the same bandwagon. The cabinet of Sixto Duran Ballen attempted to speed up the promotion of exports, but it did not achieve very good results. The majority of our exports continue to consist of the raw material products (bananas, coffee, cacao, shrimp). Not to mention the target market issue—the United States continues to be our principal customer, purchasing a little more than 50 percent of our exports.

The globalization of the economy, Ministry of Industry Jose Vicente Maldonando has said repeatedly, is forcing us to become a member of the most important international trade forum—the General Agreement on Tariffs

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and Trade [GATT], the current World Trade Organization [WTO]. And, naturally, the major efforts have been oriented toward achieving this. After three years of negotiations, Ecuador was accepted as a member by the board of this world organization, although the vote of approval by all the members of the WTO and ratification by the National Congress are still pending. These are two phases that will certainly be completed before this year ends.

The end justified the means. The productive sectors, without exception, agreed on the desirability of membership in the World Trade Organization. However, they have criticized the negotiating team because of the fact that they were not consulted, nor were they even informed of the progress being made in matters proceeded. The negotiating team was made up of representatives of three ministries (Foreign Relations, Agriculture, and Industry) and the Central Bank. And this revealed the contradictions, understandable even if not justifiable, resulting from the fact that we have no single body in charge of foreign trade.

The talks were hindered by the demands of New Zealand, Canada, and the European Union [UE] for a very low customs duty on powdered milk. The livestock breeders in the interior of the country put heavy pressure on the Ecuadoran team to renegotiate the customs duty rate (initially consolidated at 60 percent).

The negotiations concentrated on the UE and the United States, to which more than 60 percent of the exports of Ecuador are shipped. With the UE, matters did not go very smoothly. Roberto Baquerizo, one of the top executives in the Noboa banana group, gave assurance that the government had compromised. Entry into the WTO was arranged in exchange for bilateral negotiations with the UE and the tacit abandonment of the intention to demand of the GATT-WTO a protectionist European regime for imports of bananas.

But the productive sectors as well bore some responsibility. Only five months away from the completion of the treaty with the WTO, they woke up to the real situation. Competition with world producers was closer than they had thought. The debate was due in part to the fact that the business sector is resistent to change and is still demanding state protection, according to the opinion issued by the Latin American Institute for Social Research.

The government was not slow to implement an open regional policy, i.e., the creation of blocs that would have open frontiers. On 26 November, Ecuador, Venezuela, and Colombia approved the Common External Tariff [AEC], the organization of the Customs Union, and participation in the summit meeting in the Americas.

The frontier conflict with Peru between January and March interfered drastically with the economic goals of both countries and made it necessary to close down Huaquillas commercial transit. The trade with that country by land transport was affected to the extent of some $60 million.

How Much Are We Buying?

The development of the trade balance (sales minus purchases) is worrisome. Excluding oil, the balance is negative ($534 million between January and April of 1994). The reason, according to government sources, was the purchases that were required in order to deal with the military conflict with Peru. Sales (excluding oil) increased by 33.43 percent (comparing the period from January to April in 1995 to the same period in 1994), while imports increased 49.07 percent.

Although this conflict may have been the cause, the trade balance (excluding oil) is on a downward trend. Between January and April of 1993, the balance was minus $29 million, while in 1994 it was minus $260 million.

Just as in previous years, the concentration of exports is obvious. Primary products (between January and April of 1995) accounted for 82 percent of all exports, and manufactured products for only 18 percent. The same is true of the target markets, among which the United States of America occupies a privileged place.

'We Have No Foreign Trade Policy'

The following views are those of Juan Jose Pons, president of the Exporters' Federation, a former minister of industry, now affiliated with the Noboa Group.

"Ecuador, like the other Latin American countries, is seeking to insert itself in the world market. Competitive capacity, comparative advantages, customs duties, restrictions on tariffs—all of these terms are now part of a new universal vocabulary and commercial reality—the globalization of the economy. Ecuador must be competitive,' state officials and some private businessmen insist. But how much has been done in the realm of foreign trade policy?

"I would dare to say that at the present time, Ecuador does not have a foreign trade policy. The results of foreign sales are in many cases a matter of chance. For example, we were able to sell more coffee because of the freezes that occurred in Brazil.

"At present, there are three ministries that regulate foreign trade, and very often they proceed with contradictory measures. The production units submitted a draft law designed to promote foreign trade three months

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ago. That proposal is still in the hands of the Congress, awaiting the time when political interests will have been served and there is time to debate it.

"The process of modernization and an open economy are not measures intended to improve exports, but rather purchases—the country's consumption. Given the export items we can offer, entry into the World Trade Organization will make us purchasers rather than sellers. And according to the current minister of industry, we are not even using this forum to protest the European Union restrictions on the banana market. Why, then, pay the price of membership if we are not going to utilize this mechanism?

"The official statements about encouraging exports are nothing but rhetoric, because the monetary and foreign exchange policies have an antiexport slant.

"The monetary policy has led to higher financial costs that make any legal activity unmanageable, and the foreign exchange policy has revalued the sucre by between 19 percent and 25 percent, thus reducing the competitive capacity of Ecuador's foreign sector.

"To these factors are added the high cost of electrical energy and fuels, the citizens' sense of being physically unsafe, and the workers' strikes, which also reduce the competitive capacity of Ecuador's export sector."

Aspects of the WTO

Competitive capacity clashes with protectionism, and it seems that the former is winning. These are the two trends in conflict on the international market. It is into this context that Ecuador is attempting to insert itself, although to date the steps taken by the government appear to have been insufficient. It is difficult, for example, to propose an increase in exports without a clear promotion policy for the foreign sector. The reason could be that the government has assigned priority to the battle against inflation and trying to control the rate of exchange. This is a measure that has often been used in the past by exporters, although never with very good results.

There is another problem. Ecuador never established a plan for the conversion of foreign trade. In the medium and longer term, it did not seek to diversify the production for export. Thus the development of new markets is a very difficult task, precisely at a time when other countries competing with us, such as Chile, are doing this rather more effectively.

Ecuador suffers from too weak a relationship between the state and private enterprise to articulate a foreign trade policy.

The proposal calling for the creation of a ministry of foreign trade submitted by the production association is the first serious effort that has been made, while other countries have moved more rapidly (Colombia, Chile, Peru, etc.). However, this document still has not been discussed in the Congress.

These factors sow some doubt about the real effect, in terms of foreign trade, of Ecuador's entry into the World Trade Organization. Efforts to export more do not just depend on tariffs, but also on how much and what the country can export. Primary products account for 82 percent of all of our exports. And the United States continues to be the main destination for our sales.

More than that, the country is at risk of becoming a buyer country rather than a producer. The increase in imports of consumer goods is evidence of this.

But the WTO can serve as a forum for exposing problems and resolving commercial disputes. It has been said on repeated occasions that the situation in the banana trade, because of the restrictions imposed by the European Union, would be different if Ecuador were a participant in the GATT/WTO. In recent statements made by the ministers of agriculture and industry, however, they say the opposite. The discussion of the case in the WTO will be undertaken only when the efforts being made through diplomatic channels have been exhausted.

A Buyer Country?

"The results of our foreign sales are in many cases a mere matter of chance. The process of modernization and an open economy are not measures designed to increase, but purchases—domestic consumption. Given the supply of exportable goods we have, entry into the World Trade Organization will make us purchasers rather than sellers," Juan Jose Pons has said.

A New Ministry?

The criticisms being made within the country focus on the lack of consistency in the foreign trade measures adopted. Three ministries (Foreign Relations, Agriculture, and Industry) are in charge of foreign trade relations.

Three months ago, the production associations submitted a draft law calling for the promotion of foreign trade.

On the Agenda

1. What will happen with the Andean Pact? Ecuador is more nearly a part of the economic Greater Colombia. Bolivia would become a part of the Mercosur [Common Market of the South]. Peru would follow the Chilean model of an open economy.

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2. The relationship with the Mercosur. Ecuador will initiate tariff negotiations in October. In principle, this is not intrabloc integration, although it would seem to be tending in that direction.

3. Membership in the WTO. Although the vote by the rest of the members and ratification by the Congress remain pending, Ecuador is likely to be a member of this body before the end of the year. One of the reasons the government has made the effort to become a member of the WTO was the European restrictions imposed on banana sales.

4. The relationship with Mexico. The government has indicated its interest in signing a trade agreement with that country, either within the Group of Three [G-3] or on a bilateral basis.

5. Creation of a ministry of foreign trade. There remains the hope that the executive and legislative branches will make a decision on the private sector proposal calling for the establishment of a single ministry to deal with matters in this field.

6. The renegotiation of the preferential tariff rates the UE has established for Andean farm products. Talks will begin in September. The preferential treatment allows exports at very low tariff rates or even with none at all.

Paraguay

Vice President Seifart Interviewed on Campaign

PY1909191995 Asuncion ABC COLOR in Spanish 16 Sep 95 p 4

["Excerpts" of interview with Vice President Angel Roberto Seifart, Colorado Party presidential candidate, by Ignacio Martinez Dominguez and Carlos Miguel Peralta on 15 September; place not given]

[FBIS Translated Text] [ABC COLOR] How are you doing in the race for the Colorado Party presidency, Mr. Seifart? What can you tell us about Colorado Party internal conflicts? How are your relations with other Colorado Party presidential candidates?

[Seifart] My campaign is going very well. Colorado Party internal conflicts appear confusing, but they are the signs of a democratic coexistence that is still not fully understood within the party. Colorado Party followers have different concepts of political power. Some Colorados continue to have a totalitarian concept of power and think the government must be in the hands of a single party.

[ABC COLOR] Who have a totalitarian concept of power?

[Seifart] It is very easy to see that. You have probably noticed that [Luis Maria] Argana and [Blas] Riquelme deliver the same speech.

[ABC COLOR] Some people think you are at a disadvantage because you face an offensive launched by the Army commander [General Lino Cesar Oviedo] and his followers. Others, however, think President Juan Carlos Wasmosy's support is essential for your campaign. Do you feel that the president supports you?

[Seifart] I understand the president supports and likes my candidacy, but he does not give us any material support. We are not using the state apparatus in this campaign. I do not feel the strength of Gen. Oviedo's offensive. If there is an offensive, it is failing. Or maybe he is not launching an offensive.

[ABC COLOR] Are you not underestimating him?

[Seifart] No. Not at all.

[ABC COLOR] Is that answer just a political answer? Perhaps you do not dare say that Oviedo is involved in political activities.

[Seifart] Well, that is a topic about which I cannot talk openly because I am the vice president, not the commander in chief. Those are the main reasons. I must not talk about those things because I must keep a minimum sense of political responsibility. I do not feel Oviedo's offensive with such strength. There is something, but is not as strong as people think.

[ABC COLOR] What is that something?

[Seifart] Riquelme is heading an offensive that has Oviedo's candidacy as part of a project to support his candidacy to the Colorado Party executive board.

[ABC COLOR] Do you mean you recognize that Oviedo is active in partisan politics behind the scenes?

[Seifart] A group of civilians around him are pushing his candidacy, but right now that candidacy is only a theory because we are three years from the next presidential election, which is scheduled for 1998. It is still too early. Some people mention his name when they speak about Riquelme's candidacy to the Colorado Party executive board. You can feel the presence of Oviedo's supporters though.

[ABC COLOR] It is not easy to understand Wasmosy's position. You have said he supports your candidacy, but you have also admitted that Oviedo is effectively involved in political activities behind the scenes.

[Seifart] I did not say that, you did. I have no evidence of his activities...

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[ABC COLOR] How, then, must we interpret Wasmosy's apparent ambiguity?

[Seifart] I have no evidence of any ambiguity, perhaps you should pose this question to the president.

[ABC COLOR] You answer is rather naive, is it not?

[Seifart] No. I cannot put myself in the president's shoes. The issue is more complex that it looks from the outside.

[ABC COLOR] How complex is it?

[Seifart] Very.

[ABC COLOR] Why is it so complex?

[Seifart] Because there are a variety of elements mixed in the problem and the president is responsible for the government's administration, for leading the nation, and for commanding the Armed Forces. Only he knows all the elements that influence his decisions.

[ABC COLOR] That conclusion suggests that due to complexities of the problem, he does not control Oviedo.

[Seifart] Only the commander in chief can know that. It is very difficult to make a statement like that from outside, without all the elements necessary to judge appropriately.

[ABC COLOR] But do his advisers not tell the president that the problems caused by Oviedo and his failure to act besmirch his image as president and commander in chief and negatively affect the people's respect for the presidency?

[Seifart] I give the president my opinion when he asks for it. If he does not ask for my opinion there is no reason why I should give him any advice or opinion.

[ABC COLOR] Are you not concerned about the deterioration of the president's image in face of Oviedo's increasing activism?

[Seifart] There is no doubt we cannot look the other way, pretending the problem does not exist, but it is the president who must ask my opinion about the situation. Everyone contributing to the administration of the state must logically be concerned about people's opinion on the administration and its president.

[ABC COLOR] How are your relations with the Armed Forces?

[Seifart] As far as I know they are good. I have no problems with the Armed Forces. I have no reasons to think that there are any problems.

[ABC COLOR] But one of its members is your political adversary.

[Seifart] Yes. But you should put your question the other way around. You should ponder how well that member is accepted in the military institution?

[ABC COLOR] How do you see it?

[Seifart] I understand the overwhelming majority of Armed Forces officers is identified with the process of democratic transition.

[ABC COLOR] Can we surmise, then, that they are not identified with Oviedo?

[Seifart] To answer that I must analyze Oviedo's political speech and I do not want to do that. In fact, I cannot do so because his speech is the responsibility of the commander in chief.

[ABC COLOR] If you could, what would you do with Gen. Oviedo and his political and partisan activities?

[Seifart] If I were the commander in chief and you could prove he has violated the Constitution of course I would act. But that is only a theory.

[ABC COLOR] Can Oviedo's meeting with politicians in Itapua be considered a political meeting?

[Seifart] Yes. But the case is already being handled by the courts.

[ABC COLOR] On 17 September, ABC COLOR published details of the place where retired and active duty officers ponder, deliberate, and plan Oviedo's 1998 campaign. Will the government take any action to correct the situation.

[Seifart] That is a commander in chief prerogative. The president will decide what to do.

[ABC COLOR] Is Oviedo's speech authoritarian? Let us just recall, for instance, how he said the person who can dominate the military has not been born yet.

[Seifart] That is nothing more than a provocation. He was bragging.

[ABC COLOR] Do you think the president is weak because he does not do anything to stop Oviedo?

[Seifart] You cannot ask me to qualify the president of the Republic. I should not do it.

[ABC COLOR] Could a coup succeed in the country?

[Seifart] A coup could be staged and it might or might not be successful. The question is: What would happen if the coup were successful? Consider the future of the country if the coup were successful and you will have a good idea as to the wisdom or justification for a coup. I can assure you it would be a total disaster for those staging the coup and for the country. The people

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will suffer the most. We would be tightly isolated by our neighbors, by the continent, and by international organizations — particularly by international credit organizations. Our historic and political situation makes a coup unlikely.

[ABC COLOR] There are constant coup rumors. The question then is: Has there been a concrete possibility of a coup since Wasmosy took over?

[Seifart] Our civilian-military relations had their moments of crisis but a coup was never imminent, no.

[ABC COLOR] About that crisis, did it involve the Armed Forces as a whole or just a group within the institution?

[Seifart] The crisis was circumscribed to groups within the Armed Forces.

[ABC COLOR] Do executive branch worries stem mostly from relations with the Army?

[Seifart] To mention the Army is to say too much. Even mentioning a part of the Army is too much.

[ABC COLOR] The fact that you admit there is a crisis in parts of the Armed Forces is surprising. After all, all members are supposed to be subordinated to the commander in chief. This situation suggests Wasmosy admits differences within the Armed Forces even though all members are subordinated to the commander in chief. However, he does not do anything against those who are against the process. Why?

[Seifart] I am not the commander in chief.

[ABC COLOR] But you are the vice president...

[Seifart] Yes, but the commander in chief does not share his post with me or inform me of everything he must take into account to handle the situation, therefore, it would be irresponsible for me to comment on the matter.

[ABC COLOR] Did the disagreements affecting civilian-military relations involve Gen. Oviedo?

[Seifart] (Silence)... More or less, but I cannot be more precise.

Peru

Fujimori Returns From Trip to China, Japan

PY1909204195 Madrid EFE in Spanish 1435 GMT 19 Sep 95

[FBIS Translated Text] Lima, 19 Sep (EFE) — Peruvian President Alberto Fujimori returned to Lima today from a trip to Japan and China, where he was attending the UN Fourth World Conference on Women in Beijing.

President Fujimori arrived at 0045 (0545 GMT) today at the Jorge Chavez International Airport on a Varig Airlines flight.

Fujimori attended the closing of the UN Fourth World Conference on Women which released a declaration and an action plan that was adopted on 15 September by the participants for promoting the rights of women and their role in society.

President Fujimori was the only man invited to give a speech at the summit in which he explained the family planning program implemented in Peru.

Yesterday, Fujimori paid homage in Japan to the victims of the first atomic bomb exploded 50 years ago over Hiroshima and expressed his rejection to the nuclear tests resumed by the French Government in the Mururoa Atoll in the South Pacific.

Announces Family Planning Campaign

PY2009032095 Lima America Television Network in Spanish 0100 GMT 20 Sep 95

[FBIS Translated Excerpt] President Alberto Fujimori, who arrived in Lima today from the PRC, seemingly remains enthusiastic about the family planning subject. He announced that a great nationwide campaign in this area will be launched in two weeks.

Fujimori also said it was not true that part of a shipment of Bolivian drugs seized on Friday, 15 September, at the Jorge Chaves Airport was missing.

[Begin recording] [Fujimori] [passage omitted]

[Unidentified reporter] What can you tell us about your trip to Asia?

[Fujimori] Usually, the people are in charge of assessing these trips. It was also assessed at the Fourth World Women's Forum, where Peru's participation was welcomed. I was the only male head of state to lead a delegation. The proposals for women's development were also very welcome. Above all, we disclosed what we are doing in Peru to fight poverty. There is an entire social program related to women.

[Reporter] Do you think you may meet with the cardinal to discuss the subject of family planning, and thus overcome the existing disagreements?

[Fujimori] Look, I have returned from Beijing via Tokyo, where I encountered a terrible hurricane, but upon my arrival here, I found everything to be calm.

[Reporter] [question indistinct]

[Fujimori] The waters are calm and I am happy everything has returned to normal, that the people understand

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they have a right to become fully informed about the natural and artificial methods of family planning that are now accessible for anyone who wants to freely chose the method to use. The debate, which at some point became heated for no justifiable reason, aroused the people's interest, and we are increasingly aware of the need to be able to freely choose the appropriate family planning method.

[Reporter] Is a meeting with the cardinal likely?

[Fujimori] Look, for the time being I see no need for it. The debate on the subject will continue through the media. This is how it is taking place.

[Reporter] Yesterday the health minister said that the campaign to inform people about the sterilization law has already started. How will this campaign be carried out?

[Fujimori] Through the health centers, the maternity hospitals, and the gynecological centers. However, in addition to all this, in a couple of weeks, we will begin a serious, educated campaign through the various sectors of the media, particularly radio and television.

[Reporter] [question indistinct]

[Fujimori] Yes, disclose what alternatives women or men have in terms of planning their families. The family planning program will likely be financed by donations, probably from programs linked to the United Nations and other organizations. [passage omitted] [end recording]

Canale Discusses Requirements To Rejoin Andean Group

PY2009004895 Lima EL COMERCIO in Spanish 8 Sep 95 p E1

[FBIS Translated Text] Peru's full participation in the Andean Free Trade Zone is tied to the fulfillment of the following three basic requirements: improvement of the trade regulations of the country of origin, the elimination of subsidies, and defining how free and extra territorial zones will be administrated. All these requirements are contained in Decision 377.

If these measures, which seek to prevent the distortion of customs tariffs that may affect trade and investment, are fulfilled by the end of the year, Peru will be ready to rejoin and assume its duties as an Andean Group partner.

With this explanation, Liliana Canale, industry, tourism, integration, and international trade negotiations minister, yesterday described Peru's situation within the new Andean Integration System (SAI), the name with which the presidents of Colombia, Venezuela, Ecuador, Bolivia, and Peru essentially relaunched the Andean Group two days ago.

During the opening of the First Andean Group-Mercosur [Common Market of the South] Businessmen's Meeting, Minister Canale said that although Peru "admits there are still some tools that need perfecting," that does not make it a partner that decides on the integration process.

Canale emphatically stated that all the Andean countries realize that the measures to overcome the difficulties and sensitive matters that still prevail in the region have already been designed (Decision 377).

Regarding relations with Mercosur (Argentina, Brazil, Uruguay, and Paraguay), Canale said that the prospects for Peru's commercial relations with those countries are, for the time being, determined by partial agreements reached within the Latin American Integration Association framework.

Peru, as is public knowledge, has just extended for another six months the partial agreements it had signed with the Mercosur member countries, until negotiations regarding the "long-standing term agreements" (traditional exports) conclude.

According to Canale, the idea is that "until the overall negotiations with Mercosur, including the renegotiation of part of the long-standing trade agreements, in order to form a free trade zone have been completed, the existing agreements will be extended. Because negotiations are scheduled to conclude in December, the agreements are extended for six months."

"The idea is to not interrupt the reciprocal trade flow; in other words, until the partial agreements are replaced by the new agreements — known as 'four plus one,' that is, each of the Mercosur member countries with the Andean Group in bloc — they will continue in force until February."

The Expanded Free Trade Zone [Zona Ampliada de Libre Comercio], comprising the nine countries [Colombia, Venezuela, Ecuador, Bolivia, Peru, Argentina, Brazil, Uruguay, and Paraguay] moves a total of $17.6 billion in inter-regional exports.

Moreover, it exports a total of $100 billion to other countries of the world and to a market of more than 300 million inhabitants.

Regarding Peru's tariff — also the Andean Group's — with Mercosur, Canale explained that despite the fact that the Mercosur member countries have 11 different tariff levels, they are concentrated at the level of a 10 percent and 15 percent tariff. Although they range from 0 to 20, one has to take trade and investments into account.

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Minister Acknowledges Electricity Reserves Running Low

PY2009012295 Lima EL COMERCIO in Spanish 14 Sep 95 p A1

[FBIS Translated Text] Amado Yataco Medina, energy and mines minister, yesterday warned that the electricity supply has been surpassed by the demand and that, consequently, the reserves are running low.

During an address to the congressional Energy and Mines Commission, Yataco said that the demand is growing due to the reactivation of Peruvian industry. He said that in order to overcome this problem, the government is studying the possibility of building thermal plants.

Regarding hydrocarbons, he said that oil exploration and the exploitation of natural gas reserves must be stepped up.

Yataco said: "A deficit in the oil trade balance is expected in the next few years." He said that the need to promote oil exploration is urgent, although the results will only be visible in six years.

After the session, the minister disclosed that negotiations with the Shell company for the exploitation of gas in the Camisea reserve started this week and will continue until 24 December.

Carlos Lam Alvarez, president of the congressional commission, asserted that privatization of Petroperu [State Petroleum Agency] will begin at the end of the year, starting with the company's smallest units.

Congressional Commission To Study Public Budget Law

PY2009012495 Lima EL COMERCIO in Spanish 2 Sep 95 p A4

[FBIS Translated Excerpt] Congressmen have been called to a special plenary session scheduled for 22 September in order to listen to the explanation Prime Minister Dante Cordova and Economy and Finance Minister Jorge Camet will give on priorities concerning expenditures and financial sources included in the budget proposal.

Meanwhile, the Peruvian Congress Budget Commission will begin, in approximately a week and a half, a thorough analysis of the scope of the Public Budget Law for the 1996 fiscal year, which amounts to 22.263 billion new soles, in the presence of the appropriate officials from the Economy and Finance Ministry and from the Central Reserve Bank. [passage omitted]

In this analysis, special attention will be paid to whether the central government has kept its word in terms of using 40 percent of the Public Budget for social expenditures, that is, to fight extreme poverty and to provide more job opportunities, in addition to giving preferential treatment to the areas of education and health. [passage omitted]

According to the explanation given by Carlos Blanco Oropeza, president of the Congressional Budget Commission, 90 percent of the budget is financed by the public treasury, while the remaining 10 percent is covered by foreign and domestic debt. [passage omitted]

Speaking of fiscal expenditures, however, he said that 63 percent — 14.068 billion soles — is earmarked for common expenditures, that is, implementation of highway reconstruction projects, while 23 percent — 5.058 billion soles — will be earmarked for capital expenditures, referring to construction of basic infrastructure facilities.

A total of 3.137 billion soles, equivalent to 14 percent of public expenditures, is earmarked for the payment of foreign credits. [passage omitted]

Lawsuits Against State Threaten Financial Reserves

PY2009012195 Lima EL COMERCIO in Spanish 13 Sep 95 p A1

[FBIS Translated Excerpt] The names of the foreign banks in which Peru has deposited its financial reserves, which surpass $6.1 billion, cannot be disclosed because there are still lawsuits pending against the state that may result in the impounding of the reserves.

This warning was made yesterday by German Suarez Chavez, president of the Central Reserves Bank [BCR], before the congressional Budget Commission. Suarez appeared before this commission to explain the 1996 draft budget.

The BCR president explained that the Peruvian funds have been deposited in banks regarded as first-rate institutions by specialists.

He added: "We have not deposited any funds in unreliable banks, or institutions of the type of the BCCI [International Credit and Commercial Bank]. These deposits are made openly."

He added that despite the fact that some lawsuits had been suspended, others had been initiated.

Suarez then said that "several lawsuits have been filed, not against the BCR but against the government."

He added that, unfortunately, there is still a threat and a need to keep certain secrecy and make the deposits in certain banks. [passage omitted]

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Red Path Leader 'Repentant,' Calls For Peace

PY1909161195 Madrid EFE in Spanish
1833 GMT 17 Sep 95

[FBIS Translated Text] Lima, 17 Sep (EFE) — Margie Clavo, one of the main Red Path leaders, today acknowledged several crimes perpetrated by the Red Path, the Peruvian group that separated from Shining Path [SL]. She said she is repentant of what she has done and now wants peace.

In a statement to Frecuencia Latina Television Network from Lima, "Comrade Nancy" made an open "self-criticism." She acknowledged that the Red Path killed at least one SL national leader and staged an attempt on the life of another SL member because they disagreed with current SL views.

Clavo, who identified the assassinated SL leader as "Comrade Elias," added that a thwarted attempt was perpetrated against SL Leader Osman Morote, a son of another important SL leader of the same name who was imprisoned several years ago.

The Red Path separated from the SL at the end of 1993 when it disagreed with SL leader Abimael Guzman's decision to publicly acknowledge the defeat of his movement and seek peace with the government.

Clavo identified the main Red Path leaders as herself and Alberto Ramirez Durand, "Comrade Feliciano," who at the time was chief of the SL military apparatus.

Clavo said the Red Path forbids its followers from visiting imprisoned SL members. She added that the latter were left without lawyers to support Guzman's decision to lay down arms and seek a peace agreement.

She also admitted that several important SL committees expressed support for Abimael Guzman's proposal, but that she and "Feliciano" compelled them to continue the war.

Clavo added she decided to leave the Red Path after having met in prison with Guzman and with Elena Iparraguirre, the "Number 2" SL leader, whom she said, "made her realize she was immersed in the opportunism of the right."

Using the classic language of "SL followers," Clavo said she agreed to talk to the press "to criticize myself and to publicly separate myself from Red Path."

She said: "I have changed because of a new and profound political conviction as a result of a process and after having talked with 'President Gonzalo' (Guzman) and 'Comrade Miriam' (Iparraguirre.) I understand my mistake, the crime I perpetrated."

Regarding recent Red Path terrorist attacks, Clavo said she views them as "isolated actions without any political meaning because now it is not possible to achieve power."

She charged "Comrade Feliciano" with being responsible for Guzman's arrest because, she said, he was against the idea of Guzman and the other SL arrested leaders going to the interior of the country, and he did not provide them with a security contingent.

Clavo called on Ramirez Duran "to ponder, reconsider, and amend his ways" and "to accept that the people and the nation need peace."

Editorial Assesses Conclusions of Quito Summits

PY1909121895 Lima EL COMERCIO in Spanish
8 Sep 95 p A2

[Editorial: "Assessment of Two Presidential Meetings in Quito"]

[FBIS Translated Text] Quito was recently the site of two, almost simultaneous, presidential summits: the Rio Group and Andean Group summits. Both of these groups had the virtue of attempting to make their actions more dynamic and adapt them to current socioeconomic needs because the countries they represent demand that they be more effective and trustworthy.

Neither of these two summits — either the Caribbean-Latin American summit, which groups 14 presidents, or the subregional Andean summit, which groups five presidents — is known for adopting expeditious and direct agreements. What they do is to establish general guidelines that the governments and special organizations follow and implement in accordance with their possibilities and limitations. In view of this, the full accomplishment of these general guidelines is not always at stake. In comparison to previous years, it has become increasingly evident that the member countries are striving to avoid futile speeches while placing priority on direct, frank discussions, thus endorsing something that is not always easy to fulfill: informal discussions among presidents on long-standing issues and concerns.

For example, during the past nine years, the Rio Group has experienced an important transformation. From the simple peace initiative for Central America sponsored by four countries (Colombia, Venezuela, Mexico, and Panama), the Rio Group has evolved into a mechanism of political dialogue and consensus and the main interlocutor of Latin America and the Caribbean before other national and international organizations.

Although the Rio Group and Andean Group summits held secret meetings, it is known that what the presidents

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discussed in each session was far more enriching and exhaustive than what was expressed in the restrained declarations issued in Quito on 5 September. The criticisms made with regard to the credit conditions imposed by international financial organizations were undoubtedly very harsh and stern. Nevertheless, the declarations issued by the two groups are merely a call for attention to the issue and a subtle criticism of the IMF, the World Bank, and the Inter-American Development Bank, without explicitly identifying them by name, of course.

The five most important issues included in the Rio Group declaration are: a) that representative democracy is the generally enforced rule in the governments of the region; b) that from now on, drug enforcement will be undertaken as a joint Latin American program; c) that social development and combating extreme poverty will be key factors in deciding fiscal adjustment policies to streamline the economies experiencing a crisis; d) that there is a criterion and determination to implement, in a synchronized and coordinated manner, a Market of the Americas by the year 2005; and e) that whenever they have to attract savings and investments, the countries in the region must overcome the risks of the so-called "speculative capital," which might destroy the bases of any economic recovery process.

The Rio Group summit should have drafted more clear and precise guidelines regarding education and corruption.

The Andean Group summit reached important and significant conclusions, but some points need to be more precise because the final declaration has one important fault: It does not stress the need for the Cartagena Agreement or Andean Group, as it is known today, to become a true Andean Integration System through the restructuring of its internal organizations by replacing its board with a General Secretariat, by adapting to the challenges posed by the competence of international economic blocs, by coordinating regional policies, by placing the achievements of the subregion at the service of achieving social development, and by achieving Latin American and hemispheric integration. Just as the presidents have approved a new strategy for achieving regional integration, it is expected that the reorganization of the Andean Group will be conducted in a more open manner than has been imagined.

Moreover, from the Peruvian point of view, the two Quito meetings have allowed the Foreign Ministry to achieve a consensus on important issues such as drug enforcement and social development. Furthermore, they have helped the Foreign Ministry and President Alberto Fujimori to enhance Peruvian-Ecuadoran ties in a cautious and friendly manner, and we hope they will remain at this level in order to fulfill the last stage of the Itamaraty Declaration: the pending demarcation of the border.

Uruguay

Castro Visit Seen as Helpful for Cuba's Political Opening

PY2009025595 Madrid EFE in Spanish 1729 GMT 19 Sep 95

[FBIS Translated Excerpt] Montevideo, 19 Sep (EFE) — Uruguayan Foreign Minister Alvaro Ramos asserted today that although there are "profound philosophical differences" between Uruguay and Cuba, "we want to help it find ways to realize an effective political opening" on the Caribbean island.

Ramos made these remarks after having confirmed that Cuban President Fidel Castro is to make a state visit to Uruguay at the invitation of the Uruguayan Government.

The foreign minister asserted that "Uruguay and Cuba are, by tradition, friendly nations. We have deep-seated differences with the Cuban Government, but it is important to contribute to an open dialogue to contrast both models and realities."

According to Ramos, Uruguayan authorities "intend to cooperate with and support a political opening process in Cuba, which, in our view, must be initiated."

"This opening must take place through dialogue, and we want to lend Cuba a helping hand so this opening may become a reality," he added.

On several occasions Uruguay has voiced opposition to the embargo on trade with Cuba imposed by the United States many years ago.

Castro will visit Uruguay before attending the summit of Ibero-American heads of state and government to be held in the Argentine city of Bariloche on 16-17 October.

This is the second time the Cuban leader will visit Uruguay, as he was already there in 1959.

The foreign minister stated that Castro will meet with Uruguayan President Julio Maria Sanguinetti, adding that "both countries' foreign ministries are currently analyzing" the Cuban leader's agenda and the exact date for his trip to Uruguay.

Ramos pointed out that bilateral relations will also be discussed during Castro's state visit to Uruguay, including "payment modes and mechanisms" for a $35 million outstanding debt Cuba has incurred with

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Uruguay on account of purchases of dairy products, poultry, and other goods. [passage omitted]

Official Views Bid To Become Mercosur Administrative Seat

PY2009012695 Buenos Aires TELAM in Spanish 1831 GMT 15 Sep 95

[Report by unidentified TELAM correspondent in Montevideo]

[FBIS Translated Text] Montevideo, 15 Sep (TELAM-SNI) — Uruguayan Deputy Foreign Minister Carlos Perez del Castillo told TELAM news agency today that Uruguay will put forward a proposal to its Common Market of the South (Mercosur) partners in the forthcoming days to choose Montevideo as Mercosur's administrative seat.

Perez del Castillo stated that the proposal was put together by a group of experts from the Foreign Ministry and is in line with the commitment Uruguay took on when it assumed the "pro tempore" presidency of the Mercosur in July; namely, to promote the consolidation of the institutions of this regional integration endeavor.

The Uruguayan deputy foreign minister declined to reveal more details about the content of the proposal Uruguay will submit to Argentina, Brazil, and Paraguay in the coming weeks. He said only that it "will be interesting."

Nevertheless, other official sources told TELAM that the proposal will include several services that Uruguay would render if Mercosur executive bodies were to be established in Montevideo.

Perez del Castillo pointed out that "the important thing is that the people should not run away with the idea that Mercosur will entail setting up supranational bodies or more red tape."

Uruguay has, from the onset of the regional integration process, been wanting Mercosur to headquarter its administrative secretariat and executive bodies in Montevideo, so that the Uruguayan capital will become a sort of Brussels of the region.

Uruguay's aspirations have, on more than one occasion, clashed with those of Paraguay, which also intends that Asuncion should become Mercosur's administrative seat.

Uruguay's proposal has been endorsed by Brazil and Argentina, whose governments have given clear indications as to their intentions to support Montevideo's bid for the Mercosur's administrative seat.

To that effect, Argentina gave its former embassy building in Montevideo to the Uruguayan government "under a contract by which Argentina gratuitously loans" this building "for a given period of time" so that Uruguay may establish Mercosur offices there.

This is a magnificent mansion built at the end of the 19th century in the residential neighborhood of El Prado, in Montevideo, on a piece of property with a garden extending for more than 2,000 square meters.

Official sources told TELAM that the refurbishing of the stately mansion will demand an investment of $800,000.

The Uruguayan government has so far invested some $100,000 for renovating the first floor.

Nevertheless, the Mercosur Administrative Secretariat, which will be temporarily set up in the Ministry of Transportation and Public Works, will not move to the El Prado mansion until some pending legal problems are settled.

Uruguayan diplomatic sources, which chose to remain anonymous, reported today that "before moving the offices to the new building, Argentina will have to stipulate the number of years it will cede to Mercosur the right to use this property, since the agreement signed in February did not establish a deadline for the expiration of the aforementioned gratuitous loan."

The same sources further reported that Uruguay "will wait until the four Mercosur member countries ratify the Ouro Preto Protocol," which thus far has only been ratified by the Paraguayan Congress.

Intelligence Services Head on Activities of 'Terrorists'

PY2009022795 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2111 GMT 19 Sep 95

[FBIS Translated Text] Montevideo, 19 Sep (AFP-NA) — Rear Admiral Oscar Otero, chief of the Uruguayan Intelligence Services, today confirmed that persons linked to international terrorist organizations held secret meetings in this country in order to coordinate violent actions abroad.

The officer said he had "data that guarantees the presence in the country of foreign terrorists or persons linked to violent groups" that presumably used Uruguay as a seat to "hold joint meetings to outline their operations" at the international level.

Otero made this known in an interview with the evening newspaper EL DIARIO, during which he also said that "at this time there are no terrorist organizations operating in Uruguay."

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He said that "some of these dangerous persons were discovered" when they entered the country and after they had been identified by security personnel working in customs or at border crossings.

He said that "the services have more than 15,000 individual files on persons linked to international terrorism," and these persons are kept under strict surveillance each time they remain "in our country."

He warned that "it is going to be more difficult each day to control or be alert regarding the transit of dangerous persons, who always circulate with false papers" with the progress of the Common Market of the South (Mercosur), an integration initiative that is being implemented by Argentina, Brazil, Paraguay, and Uruguay.

Despite the strict control that is carried out on the borders, Otero acknowledged that "secret meetings between different terrorist groups take place here," but he pointed out that "information in this respect is constantly provided to our colleagues from other countries."

The officer indicated that the surveillance of the operations of extremist groups "is a very arduous task," and he reported that "in the past 30 days alone, 29 terrorist actions were carried out in the world, resulting in 287 deaths and more than 400 wounded."

Of these violent actions "12 took place in the Americas, 10 in Africa, five in Europe, and two in Asia," Otero said, after stressing that "given terrorist actions over the past few years, August 1995 has been one of the bloodiest months."

Venezuela

FIV President on Electric Sector's Privatization

PA1909142595 Caracas ECONOMIA HOY in Spanish 18 Sep 95 p 5

[FBIS Translated Text] "Venezuela is clearly showing another example of its intention to encourage new investments in the country and of furthering more its integration to the international financial sector with a recent agreement. This is an agreement between the Venezuelan Investment Fund (FIV) and the International Financial Corporation (CFI) to privatize Venezuela's electric sector."

The statements were given by FIV President Carlos Bernardez regarding the upcoming privatization of the country's electric sector, a process in which the CFI participates on behalf of the World Bank.

In his opinion, the agreement will lead to the coordination of the electric energy generation, transmission, and distribution sectors in the island of Margarita, and all the efforts exerted for the privatization of the Venezuelan Guayana Corporation's [CVG] aluminum sector.

"Investment banks which received a better technical rating will submit their economic offers to the FVI and CVG this week, to choose which entity will provide advise for the privatization of CVG's aluminum enterprises," he said.

Likewise, Bernardez said the necessary legal procedures are being carried out to begin the process through which investment banks will submit their bids for the privatization of the Orinoco Iron and Steel Works (Sidor).

The FIV president said this is the first time Venezuela and the World Bank sign an agreement of this magnitude. It will include elements such as a legal framework for the sector, contracts for the supply and sale of energy, regulations for the tariff system, and environment issues.

He said: "In sum, an important step is being taken by Venezuela and the World Bank by joining their efforts so our country may become an important part of the Latin American privatization process."

It is known that this process has been frozen in the country due, among other things, to foreign investors' mistrust in the nation's economic and political situation.

Roundup of Venezuelan Economic Developments

PA2009001695

[FBIS Editorial Report] The following is a compilation of reports on economic developments in Venezuela monitored through 19 September 1995.

A Caracas-datelined report states on 13 September that the Andean Development Corporation (CAF) has granted Venezuela three loans amounting to $30.5 million: $30 million for financing an urban transportation program in six cities; $250,000 to modernize drinking water facilities in Merida, Trujillo, and Barinas States; and $177,900 to modernize the evaluation and data processing systems for a nongovernmental educational association. (Madrid EFE in Spanish 2004 GMT 13 Sep 95)

Commercial banks have objected negotiating the government's treasury bonds, worth 399,000 million bolivares, and will make new proposals. By the end of July 1995, investments in banking securities represented 29.17 percent (986.449 billion bolivares) of total assets. Thus far in 1995, the Central Bank of Venezuela has placed in the market 558.673 billion in TEM, Monetary

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Stabilization Bonds. (Caracas EL NACIONAL in Spanish 14 Sep 95 p E-1)

The General Banking Superintendency found out that Banco Popular has liquidity problems for 5 billion bolivares. The bank has survived thanks to its large savings portfolio, which amounts to 11 billion bolivares. Its credit portfolio amounts to 2.121 billion bolivares, of which 469 million bolivares are overdue and 93 million bolivares are in dispute. By the end of March, the bank had a 189-million bolivares deficit. (Caracas EL NACIONAL in Spanish 14 Sep 95 p E-3)

During the first half of 1995, Maraven, a subsidiary of Venezuelan Petroleum Inc., placed more than 2 billion gallons of finished lubricants in South American and Caribbean markets, mainly Chile, Nicaragua, Cuba, Peru, and Bolivia. Maraven signed a distribution agreement with Cepets in Colombia. At the beginning of the year, Maraven lubricants were marketed in Uruguay, Ecuador, and Paraguay. (Caracas ECONOMIA HOY in Spanish 14 Sep 95 p 15)

The Labor Ministry issued a communique dated 5 August advising employees from all over the country that the national government will start on 5 October a massive and "voluntary" reduction of personnel due to the serious economic crisis and huge fiscal deficit facing the country. Employees who are 50 years old and have 20 years of service or 60 years old with 15 years of service may be eligible for special retirement. These employees estimate that they will receive a retirement of 40 to 50 percent of their current salaries. Those who are under the civil service system and decide to resign will receive full benefits accrued plus 95 percent, that is, nearly twice the benefits to which they are entitled. (Caracas EL GLOBO in Spanish 14 Sep 95 p 4)

Venezuelan Petroleum, Inc. is evaluating eight local and 80 foreign companies to determine by 22 September which ones qualify to participate in the process of opening up the petroleum industry to associations under the shared revenue system in 10 areas. The selection will be based on the financial standing of the companies and their technical capabilities in any phase of the petroleum industry such as production, exploration, refining, and so on. (Caracas REPORTE DIARIO DE LA ECONOMIA in Spanish 15 Sep 95 p 11)

In August, the Exchange Administration Board, Jac, and the Exchange Administration Technical Office, Otac, approved the use of $813.13 million for imports by the private sector. This reflects a $198.87 million drop compared to July when foreign currency assigned for this purpose totaled $1.012 billion. Exchange authorities have approved a total of $13.92 billion since exchange controls started 14 months ago. The Jac and Otac have approved $1,375,750,000 to pay the private foreign debt during the same period. (Caracas ECONOMIA HOY in Spanish 15 Sep 95 p 3)

Mexico has established no protective measures against the import of Venezuelan steel. Foreign Minister Miguel Angel Burelli created confusion during a news conference on 8 September by claiming that Mexico had done so. Foreign Trade Institute President Werner Corrales said that no protective measure had been imposed. He added that Venezuelan companies sued Mexican companies that export steel to Venezuela for dumping, and Mexican companies sued Orinoco Iron and Steelworks, Sidor, for granting subsidies and practicing dumping within the Mexican market. (Caracas ECONOMIA HOY in Spanish 14 Sep 95 p 22)

According to a Caracas, 14 September datelined item, the Andean Development Corporation, CAF, announced on this day that it will grant $477 million in loans to Andean Pact members to develop small and medium-sized companies. The CAF will grant $184 million to upgrade the exporting activity and its infrastructure in Venezuela. (Mexico City NOTIMEX in Spanish 2248 GMT 14 Sep 95)

According to a Caracas, 15 September datelined item, the Central Statistics and Data Processing Office, Ocei, reported on this day that nontraditional Venezuelan exports to Mexico increased by 95 percent from January to August 1995. Ocei added that Venezuela exported $234 million during that period compared to $134 million during the same period in 1994. Ocei reported that Colombia received 29.2 percent of all nontraditional Venezuelan exports in that same period. Total Venezuelan exports during this period amounted to $3.60 billion, that is, a 6-percent increase in comparison to the same period in 1994. The private sector exported 68.9 percent of the total. The most important exports were metals with 37.7 percent, chemical products 16.8 percent, transportation 9.9 percent, food, beverages, and tobacco 6.7 percent, and agricultural products 5.3 percent. (Mexico City NOTIMEX in Spanish 2313 GMT 15 Sep 95)

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